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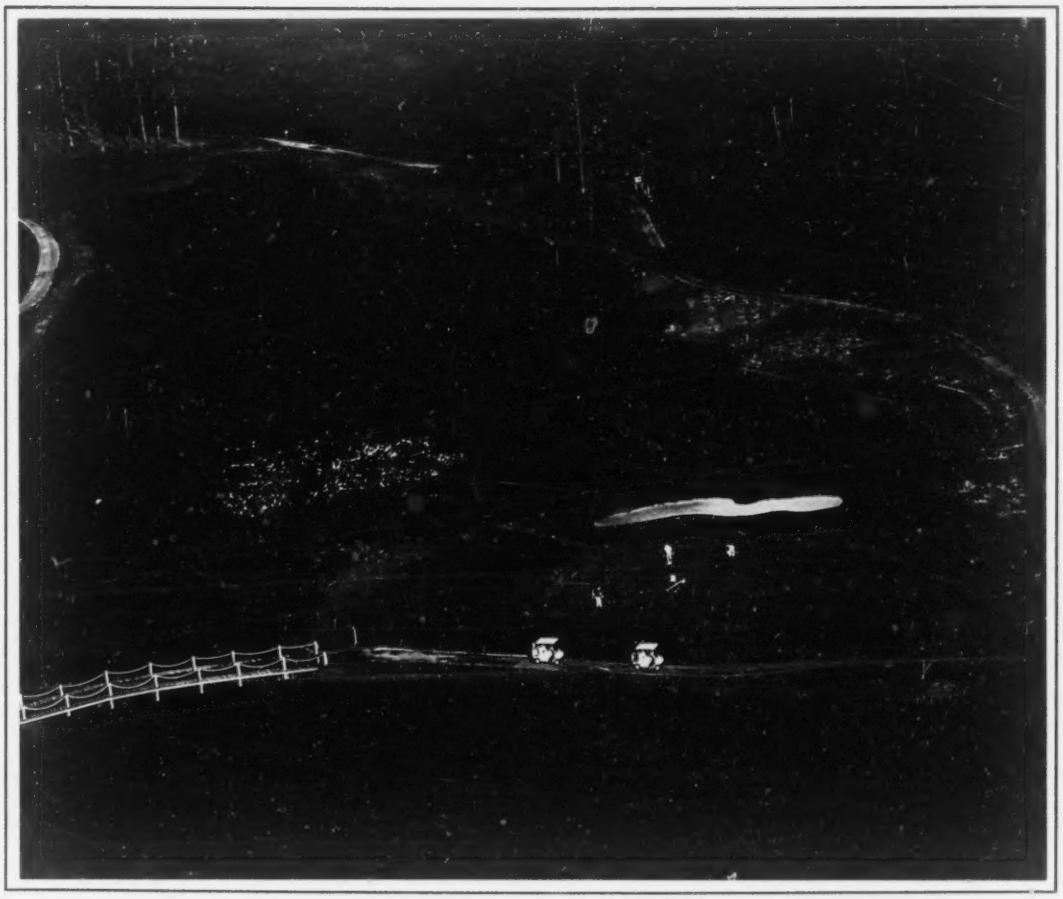
North Carolina

Comprehensive Annual Financial Report



For The Year Ended June 30, 1990

Cover Photo: Sea Trail Golf Links, a part of Sea Trail Plantation, is located in the southeastern corner of the state behind the narrow barrier island of Sunset Beach. Sea Trail's 2,000 acres are framed by the Intracoastal Waterway and Calabash Creek, and are home to three golf courses.

Additional copies of this document may be obtained from the Office of the State Controller, 200 West Jones Street, Raleigh, North Carolina 27603-1337 or by calling (919) 733-0178. As required for disclosure by G.S. 143-170.1, 800 copies of this public document were printed at a cost of $8,500, or $10.625 per copy.

State of North Carolina

A COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 1990

James G. Martin
Governor

Fred W. Talton, CPA
State Controller

Prepared By: Office of the State Controller
State Accounting System Division
Financial Reporting Section

JAMES G. MARTIN
Governor

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27603-8001

JAMES G. MARTIN
GOVERNOR

March 4, 1991

To the Citizens of North Carolina and
Members of the General Assembly:

On behalf of all North Carolinians, I am pleased to accept this Comprehensive Annual Financial Report for the fiscal year ended June 30, 1990. Included are the State's independently audited General Purpose Financial Statements, which are prepared in accordance with general accepted accounting principles. This report is presented to you and the financial community in the hope that you will understand North Carolina's financial condition more clearly.

North Carolina enjoys a bright economic outlook despite the current downturn in the national economy. Our business and industrial climate is rated among the best in the nation. Our continued efforts to strengthen our economic development program provides our state with a diversified economic base. Our unemployment rate is consistently below national levels.

I am proud that we continue our budgetary commitment to teaching our children. North Carolina spends $4.86 billion annually -- 67 percent of our budget -- on education. I want you to help me ensure that education remains a priority while we wrestle with other fiscal demands.

We have embarked on major expansions of our infrastructure, specifically highways and prisons. Many states are suffering a more severe recession because they lack the essential structural girdings of a healthy economy. Highways are critical because they bring new jobs to rural sectors of the economy. Prisons are important because they strengthen our tools to protect our citizens and to offer a high quality of life.

Because of our commitment to these priorities, North Carolina has long been considered a national leader in the financial stability of its state and local governments. I promise we will redouble our work to insist on prudent and responsible financial management while we meet the needs of our citizens effectively and compassionately.

Sincerely,

Jim Martin

James G. Martin

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State of North Carolina
Office of the State Controller

The Honorable James G. Martin
Governor of the State of North Carolina

It is our pleasure to furnish you with the 1990 Comprehensive Annual Financial Report (CAFR) of the State of North Carolina in compliance with G.S. 143B-426.39. This report has been prepared by the Office of the State Controller. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the State of North Carolina. We believe all disclosures necessary to enable you to gain an understanding of the State's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the State's organizational chart with a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information, much of which is presented on a ten-year basis.

Reporting Entity and Its Services

The State of North Carolina entity as reported in the CAFR includes all fund types, account groups, departments and agencies of the State, as well as universities, boards, commissions and authorities over which the State's executive, legislative and judicial branches exercise oversight responsibility. This presentation is in conformity with accounting and reporting standards of the Governmental Accounting Standards Board (GASB) in its GASB Codification Section 2100. Oversight responsibility is defined to include selection of governing authority, designation of management, financial interdependency, ability to significantly influence operations and accountability for fiscal matters.

The State provides a broad range of services including education, health and social services, transportation, law enforcement, judicial, public safety, community and economic development, and general administrative services. The costs of these services are reflected in detail and in summary in this report.

Major Initiatives

North Carolina's prison population has been near capacity for some time, because of the rise of drug violations and other serious crime in the State and the use of tougher sentencing laws by the courts. With the increase in crime showing no letup, the State's prison system has become inadequate to house its inmates short of resorting to massive early-release programs. The current maximum capacity is 18,937 inmates. In March 1991 the State will sell $75 million in Prison Construction Bonds. The proceeds of those bonds will fund the construction of two new prisons and the expansion of five existing prisons,

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resulting in 2,600 additional beds. In November 1990, North Carolina voters approved a $200 million bond referendum for additional prison construction. Subject to legislative approval, the $200 million proceeds will provide the means to construct six additional prisons and expand nine other facilities. In addition, house arrest and intensive supervision programs will be expanded. Regional House Arrest facilities will board 2,000 inmates, freeing up a like number of spaces in the prisons for more serious offenders.

North Carolina has intensified its commitment to the war on drugs, emphasizing both law enforcement and educational approaches to the issue. Expansion of prison facilities will permit the State to make a serious effort in attacking this plague on society.

Departmental Focus

Office of the State Controller

The North Carolina Office of the State Controller acts as the chief financial office of the State. The General Assembly created the office in 1986, combining functions formerly scattered in several agencies. The office ensures proper financial reporting and accounting by all State agencies and institutions by providing leadership, guidance and consultation in all accounting matters to those agencies, by adopting policies and procedures which are at the forefront of proven financial management practices, and by pursuing the most effective automated financial systems to support agency and central management requirements. The office operates and supports a uniform State Accounting System (SAS) as well as the State Information Processing Services (SIPS) centralized computer operations. In addition, the Office of the State Controller is responsible for the administration of a comprehensive cash management program, operation of a centralized payroll system serving a majority of state agencies, and for the administration of a statewide appropriation/allotment control program.

The governmental accounting environment is highly dynamic and there has been a strong movement toward greater accountability on behalf of all government finance managers. To meet these challenges, the Office of the State Controller is currently developing and implementing a new State Accounting System based upon state-of-the-art software. Implementations in agencies will begin in 1991 and continue through 1994. Financial reporting will evolve as new GASB Statements require additional detail and disclosures in the Comprehensive Annual Financial Report. Monthly and daily financial reports are vital tools in providing the State's central finance managers with up-to-date information in these crucial economic times. In light of the State's current fiscal crisis and shrinking revenues, it is critical to maintain and monitor daily information on the level of expenditures and income from all sources within the State's budget.

The responsibility for centralized information management services allows the office to provide centrally shared, state-of-the-art mainframe computing services with data base management, data dictionary, electronic document storage and Computer Aided Software Engineering tools for the agencies of general state government. It also maintains an integrated communications network utilizing voice, data and video communications, resulting in very cost effective telecommunications services for the State.

The Office of the State Controller recognizes that its role as the State's chief financial office is critical to the financial health of the State government. Its professional staff will continue to meet its responsibilities in fulfilling those expectations.

Economic Condition and Outlook

As one of the nation's leading industrial states, the health of the North Carolina economy is largely dependent on the U.S. manufacturing cycle. The State enjoyed an economic surge from 1986 to 1988 as domestic demand for goods remained strong and U.S. exports soared with the falling dollar. However, rising U.S. real interest rates and a refirming of the dollar in 1989 started a reduction in the rate of growth of the State's industrial sector, continuing into 1990 as North Carolina's economy generally mirrored the economic slowdown felt throughout much of the United States. North Carolina manufacturing employment was 853,100 in June 1990, compared to 870,000 twelve months earlier. This indicator peaked at 874,400 in September 1989 but the twelve-month trend was clearly downward as manufacturing jobs fell 16,900 below June 1990. These job losses at year-end were felt in the furniture, apparel and textiles, and electrical machinery industries. Manufacturing employment in June 1990, represents 27.4 percent of total nonfarm jobs in North Carolina, compared to 28.8 percent in 1989, 29.3 percent in 1988, 34.5 percent in 1980 and 36.1 percent in 1975.

The State's nonmanufacturing sector grew by a moderate 4.8 percent in the past twelve months, adding 103,000 new jobs. This increase was evident in the services, wholesale and retail trade, and governmental sectors. Significantly, the two non-manufacturing industries with the closest ties to the housing market, construction and finance, added very few new jobs during the year. Contributing to the weakness in the financial sector have been the growing difficulties in the savings and loan industry. Although most North Carolina savings and loans are financially sound, there have been instances of large write-offs due to bad real estate loans. As all savings and loans face closer scrutiny by regulatory institutions, more weaknesses may emerge.

The Middle East war will have a clear impact upon the State's economy in the months ahead. With the disruption of oil prices, different regions of the United States will be affected unevenly. The major oil-producing states will clearly benefit from higher production and employment while the Northeast, which relies heavily on imported oil for heating and power generation, will suffer throughout its economy. North Carolina will fall somewhere in the middle of these two extremes.

North Carolina trade and service companies will be hurt as residents have less discretionary income after paying higher bills for gasoline and fuel oil. North Carolina manufacturers will likely experience a reduction in new orders as the national economy weakens in the last half of 1990 and into 1991. More specifically, industries directly tied to the oil markets, namely textiles, chemicals, petroleum and plastics, will experience a dramatic increase in their cost of materials. If the Middle East war can be resolved in short order without significant damage to the oil-producing capabilities of the Persian Gulf region, North Carolina will probably experience only a delay in economic growth.

Financial Information

Internal Control

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal financial assistance, the State also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

As a part of the State's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the State has complied with applicable laws and regulations. The results of the State's single audit for the fiscal year ended June 30, 1989, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The State's single audit for the fiscal year ended June 30, 1990, has not been completed.

Budgetary Control

In addition, the State maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the General Assembly. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at the departmental level by legislative authorization of expenditures appearing in the State Appropriation Bill. This "Certified Budget" is the legal expenditure authority; however, executive changes to the legal budget may be authorized by the Office of State Budget and Management. This results in the "Final Budget" presented in the financial statements. Most State departments maintain an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the State continues to meet its responsibility for sound financial management.

General Government Functions

Revenues

The following schedule presents a summary of general fund, special revenue funds, debt service funds and capital projects funds revenues on the modified accrual basis of accounting for the fiscal years ended June 30, 1990 and 1989, as well as the amount and percentage of increases or decreases in 1990 in relation to 1989 revenues. Amounts are expressed in millions.

	1989-90		1988-89		Increase (Decrease) Over Prior Year	
Financial Source	*Amount*	*Percent*	*Amount*	*Percent*	*Amount*	*Percent*
Taxes	$7,544	68.6%	$6,691	68.9%	$853	12.7%
Federal funds	2,464	22.4%	2,142	22.1%	322	15.0%
Local funds	167	1.5%	139	1.4%	28	20.1%
Investment earnings	179	1.6%	199	2.1%	(20)	(10.1)%
Fees, licenses and fines	518	4.7%	426	4.4%	92	21.6%
Other	124	1.2%	110	1.1%	14	12.7%
Total Revenues	10,996	100.0%	9,707	100.0%	1,289	13.3%
Operating transfers in	789		672		117	17.4%
Proceeds from bond sale	-		20		(20)	(100.0)%
Total Financial Sources	$11,785		$10,399		$1,386	13.3%

Taxes produced the most significant increase among actual continuing revenue sources. Tax revenues are composed primarily of income taxes, sales and use taxes, and gasoline taxes. A large portion of the tax revenue increase was the result of continuing economic expansion in the State. Taxes represented 68.6 percent of all general revenues, compared to 68.9 percent last year. Income tax collections increased by $272 million in 1990 to $3.958 billion, a 7.4 percent increase over 1989. Federal funds revenues grew by 15.0 percent, continuing a growth trend established in prior years.

General Government Functions

Expenditures

The following schedule presents a summary of general fund, special revenue funds, debt service funds and capital projects funds expenditures by function for the fiscal years ended June 30, 1990 and 1989 on the modified accrual basis of accounting, as well as the amount and percentage of increases or decreases in 1990 in relation to 1989 expenditures. Amounts are expressed in millions.

	1989-90		1988-89		Increase (Decrease) Over Prior Year	
Function	*Amount*	*Percent*	*Amount*	*Percent*	*Amount*	*Percent*
General government	$ 195	2.0%	$ 372	4.2%	$ (177)	(47.6)%
Public safety and regulation	469	4.7%	395	4.4%	74	18.7%
Corrections	377	3.8%	321	3.6%	56	17.4%
Public education and community colleges	3,920	39.2%	3,548	39.9%	372	10.5%
Transportation	1,290	12.9%	1,129	12.7%	161	14.3%
Health, welfare and rehabilitation	2,632	26.3%	2,312	26.0%	320	13.8%
Resource development and preservation	609	6.1%	576	6.5%	33	5.7%
Agriculture	55	0.5%	53	0.6%	2	3.8%
Capital outlay	104	1.0%	73	0.8%	31	42.5%
Intergovernmental	238	2.4%	4	0.1%	234	5,850.0%
Debt service	110	1.1%	111	1.2%	(1)	(0.9)%
Total Expenditures	9,999	100.0%	8,894	100.0%	1,105	12.4%
Operating transfers out to universities and other funds	1,887		1,732		155	8.9%
Total Financial Uses	$11,886		$10,626		$1,260	11.9%

Significant changes in expenditures were attributed to:

Public Education. Increased expenditures for public education reflect the State's continuing commitment to the eight-year Basic Education Program, which calls for increased annual funding through 1993.

Transportation. The State began the initial phases of its major new highway expansion program, estimated to cover a 13 to 15-year period.

Health, Welfare and Rehabilitation. These expenditures are predictably higher as a direct result of the current economic uncertainties that have increased the number of citizens eligible for economic assistance.

Public Safety and Regulation. The State made a renewed commitment in the war on drugs in 1989-90, emphasizing both law enforcement and educational approaches to the problem.

Intergovernmental. In prior years, local governments' portion of shared revenues was remitted directly to them, being netted from gross revenues. In 1990, the local share became a part of appropriations and is shown as an expenditure for the first time.

General Government. The current year's decrease is attributable to certain one-time accruals made in 1989 which made that year's expenditures unrepresentative.

Additional information, in greater detail and for the past ten years, may be examined in the statistical section. Charts illustrating 1990 data may also be seen on page 18.

General Fund Condition

Budgetary Basis

The general fund is an important point of focus in determining the overall financial condition of the State. North Carolina uses the cash basis of accounting for budgetary purposes. Under this basis, revenues and expenditures are recorded at the time cash is actually received or disbursed in accordance with the provisions of the Appropriations Act. This basis of accounting is widely accepted for budget purposes and has been used in North Carolina for many years. This Comprehensive Annual Financial Report includes statements, schedules and tables that present the financial activity of the general fund of the State on a cash basis.

North Carolina's economy generally corresponded to the economic slowdown experienced throughout much of the United States in 1990. The slowdown caused State revenues to decline from earlier predicted levels. Significant executive reductions became necessary and were implemented in the last half of the fiscal year. The following table, which does not include departmental revenues and expenditures and therefore will not correspond to the budget displayed in Exhibit A-3, summarizes the revised executive plan and compares those efforts with final actual results. Amounts are expressed in millions.

	Executive Plan			Actual	Variance Favorable (Unfavorable)		
	Initial Plan	*Executive Reductions*	*Adjusted Plan*	Revenues/ Expenditures	*Initial Plan Amount*	*Initial Plan Percent*	*Final Plan*
Revenues							
Taxes	$ 6,746.8	$ (410.8)	$ 6,336.0	$ 6,561.4	$ (185.4)	(2.8)%	$ 225.4
Non-taxes	244.6	(18.6)	226.0	219.0	(25.6)	(10.5)%	(7.0)
Other sources	279.4	(78.3)	201.1	208.0	(71.4)	(25.6)%	6.9
Total Revenue	7,270.8	(507.7)	6,763.1	6,988.4	(282.4)	(3.9)%	225.3
Expenditures							
Current operations	6,813.1	(348.5)	6,464.6	6,469.8	343.3	(5.0)%	(5.2)
Capital improvements	245.3	(95.2)	150.1	150.1	95.2	38.8%	0.0
Other uses	303.6	0.0	303.6	303.3	.3	0.1%	.3
Total Expenditures	7,362.0	(443.7)	6,918.3	6,923.2	438.8	6.0%	(4.9)
Excess revenues over (under) expenditures	(91.2)	(64.0)	(155.2)	65.2	$ 156.4		$ 220.4
Fund balance, July 1, 1989	157.0	0.0	157.0	157.0			
Fund balance, June 30, 1990	$ 65.8	$ (64.0)	$ 1.8	$ 222.2			

The Office of State Budget and Management revised projections of general fund revenues downward by $507.7 million during the year, including a $410.8 million drop in tax collections. To accommodate this loss in revenues, the Governor ordered an expenditure reduction of $443.7 million and the appropriation of the $157.0 million fund balance from July 1, 1989, leaving a projected fund balance of $1.8 million at June 30, 1990.

The North Carolina Constitution requires the State to balance the budget of its general fund each biennium. With the projected ending fund balance approaching zero,

the State took measures to increase its cash fund balance near the end of the fiscal year. Senate Bill 2377 accelerated collection of certain tax revenues into the 1990 fiscal year, resulting in a one-time windfall of $180 million. The State delayed payment of the June 30, 1990, payroll for State employees until July 2, 1990, for a cash savings of $168.2 million in fiscal year 1990. These measures resulted in an ending fund balance of $222.2 million. Without these efforts, the fund balance of the general fund at June 30, 1990 would have shown a $126 million deficit, violating the balanced budget provision of the State Constitution.

Actual general fund revenues amounted to $6.988 billion in 1990, including the one-time revenue windfall described above, a 13.1 percent increase over 1989. However, these revenues were $282.4 million, or 3.9 percent, less than the original ("Certified") budget. Actual general fund expenditures were $6.923 billion, or 7.9% higher than in the previous year. This balance does not include the June 30, 1990 payroll deferral.

General Fund Condition

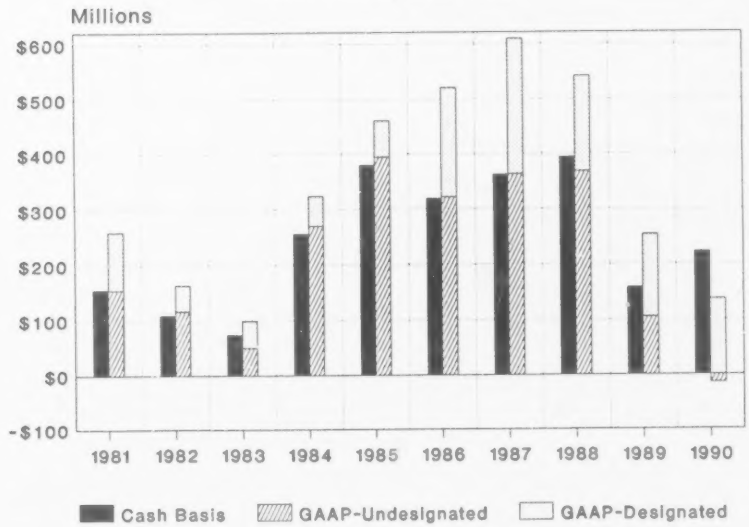
Modified Accrual Basis

Although the State budgets and manages its financial affairs on the accepted cash basis of accounting, the nation's financial community has encouraged states to also include, in their annual reports, financial statements that are prepared on the modified accrual basis of accounting. Under this basis, which more adequately serves their analytical and other needs, revenues are recognized when they become both measurable and available to finance operations of the fiscal year, or to liquidate liabilities existing at fiscal year-end. Expenditures are recognized when a liability is incurred.

The fund balance of the general fund decreased by 51.2 percent in 1990, primarily due to higher expenditures for public education, public safety and regulation and for health, welfare and rehabilitation. As previously discussed, revenues did not grow at the expected rate because of the economic slowdown in the United States and in North Carolina. The cash savings of $168.2 million from the payroll deferral described above was properly recognized as an expenditure on the modified accrual basis. At June 30, 1990, the fund balance of the general fund on the modified accrual basis was $123.8 million, which is the equivalent of 3.2 working days of expenditures and transfers.

The following chart illustrates the undesignated fund balances (or surplus) on the cash basis and the fund balances (designated and undesignated portions) on the modified accrual (GAAP) basis of the general fund at the end of each fiscal year since June 30, 1981.

GENERAL Fund - FUND BALANCES
Comparison of GAAP Basis (Designated and Undesignated) Fund Balances and Cash Basis Fund Balances for the Past Ten Years
As of June 30, 1981 - 1990



Pension Trust Fund Operations

The operations of the Teachers' and State Employees' Retirement System remained relatively stable in 1990. The system's revenue increase of 8.8 percent was tied primarily to investment earnings which were higher than in the previous year. The 11.7 percent increase in expenses was the result of higher benefits paid to participants. The annual actuarial valuation continues to reflect a positive trend in the State's and employees' funding of the system. The State also participates in the Consolidated Judicial Retirement System, the Legislative Retirement System, the Firemen's and Rescue Squad Workers' Pension Fund and the North Carolina National Guard Pension Fund. The Local Governmental Employees' Retirement System is administered by the State but the State is not a participant. Each of these systems continued to show a positive trend in funding.

Debt Administration

At June 30, 1990, the State had a number of debt issues outstanding. These issues included $588.004 million in general obligation bonds, $935.929 million in revenue bonds in the enterprise funds, $301.763 million in revenue bonds in the University funds and $2.15 million in revenue bonds in the General Long-Term Obligations account group. North Carolina continues to have a "Triple-A" bond rating issued by Standard and Poor's Corporation and Moody's Investors Service, the highest rating attainable. This rating was reaffirmed in 1990. This favorable rating has enabled the State to sell its bonds at an interest rate considerably below the Bond Buyer's Index, thereby providing tremendous savings to North Carolina taxpayers. North Carolina is one of only eight states currently enjoying the Triple-A status. In addition, approximately 25 percent of all Triple-A ratings nationwide are in North Carolina.

Cash Management

The North Carolina General Assembly recognizes the importance of good cash management practices and has enacted legislation which promotes a "Statewide Cash Management Policy" to minimize idle and non-productive cash balances. All cash deposited with the State Treasurer by State entities is managed in pooled investment accounts to maximize interest earnings. During fiscal year 1990, uncommitted State funds were invested in short-term and medium-term U.S. Government notes and bonds as well as other deposits, with a composite average yield of 8.54 percent.

Risk Management

The State has established a limited risk management program for fire and other property losses. As part of this comprehensive plan, resources are being accumulated in an internal service fund to meet potential losses. Third-party coverage is currently maintained for extended coverage losses in excess of $2,000,000 and for fire and other property losses of $5,000,000. The State is fully self-insured for workers' compensation and unemployment compensation claims.

Other Information

Independent Audit

In compliance with State statute, an annual financial audit of the State entity is completed each year by the North Carolina Office of the State Auditor. The Auditor's examination was conducted in accordance with generally accepted auditing standards and his opinion has been included in this report. In addition, the State coordinates the "Single Audit" effort of all Federal funds through the State Auditor.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awards certificates of achievement to governmental units that publish readable and efficiently organized CAFRs which conform to the Association's program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

The State of North Carolina is participating in the GFOA program by submitting this and future reports for review and comment by GFOA. Through the continued development of the Office of the State Controller, we will strive to meet all GFOA requirements and to receive the certificate of achievement.

Acknowledgements

In conclusion, we hope this report provides useful data in evaluating the financial activity of the State of North Carolina. We in the Office of the State Controller would like to express our appreciation to the financial officers throughout State government and the Office of the State Auditor for their dedicated efforts in assisting us in the preparation of this report.

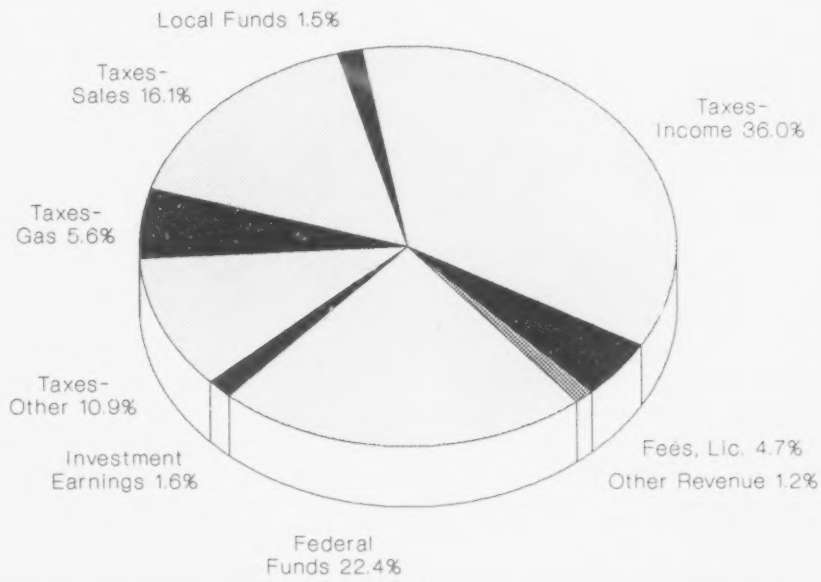
Respectfully submitted,

Fred W. Talton

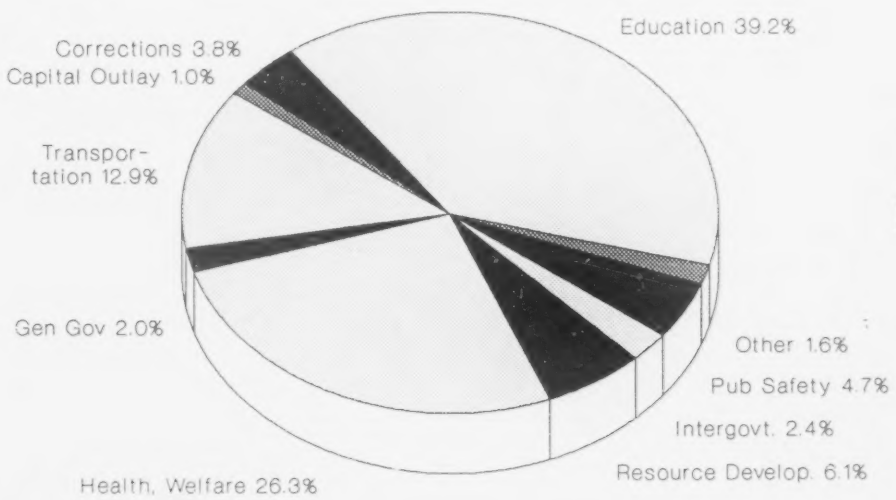
Fred W. Talton
State Controller

January 31, 1991

GENERAL GOVERNMENT REVENUES (GAAP Basis)
For the Fiscal Year Ended June 30, 1990

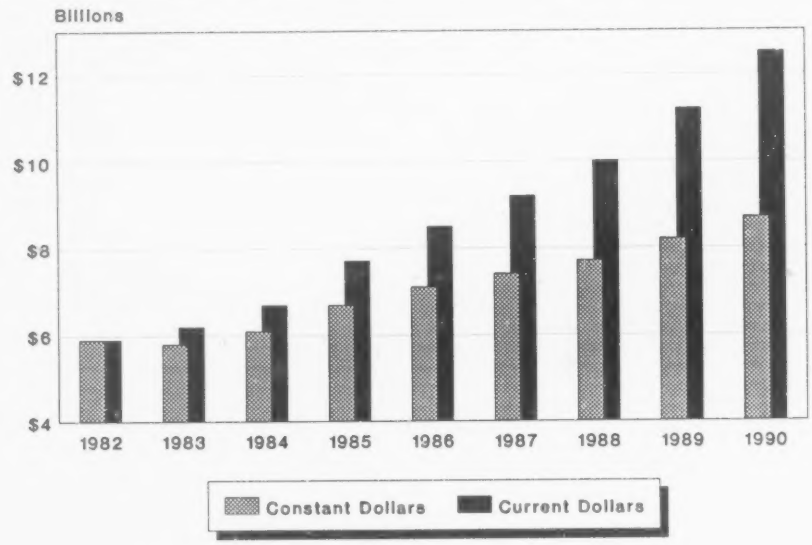


GENERAL GOVERNMENT EXPENDITURES (GAAP Basis)
For the Fiscal Year Ended June 30, 1990

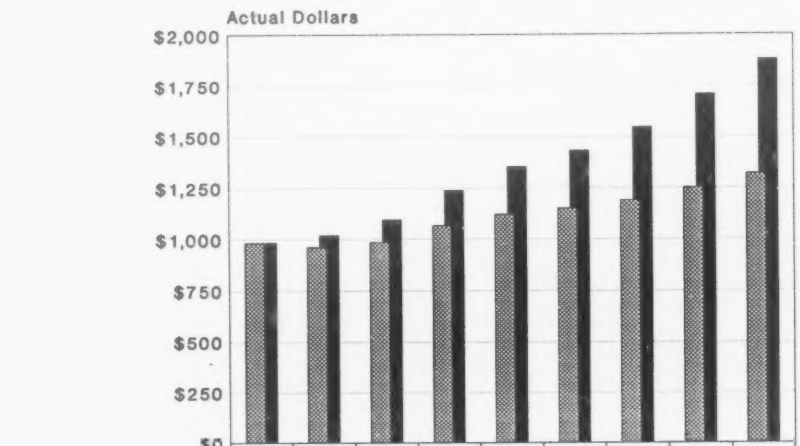


(Data from tables on pages 12 and 13)

GENERAL GOVERNMENT EXPENDITURES
Current and Constant Dollars - Last Nine Years
Adjusted for Inflation - Base Year 1982



TOTAL GENERAL GOVERNMENT EXPENDITURES

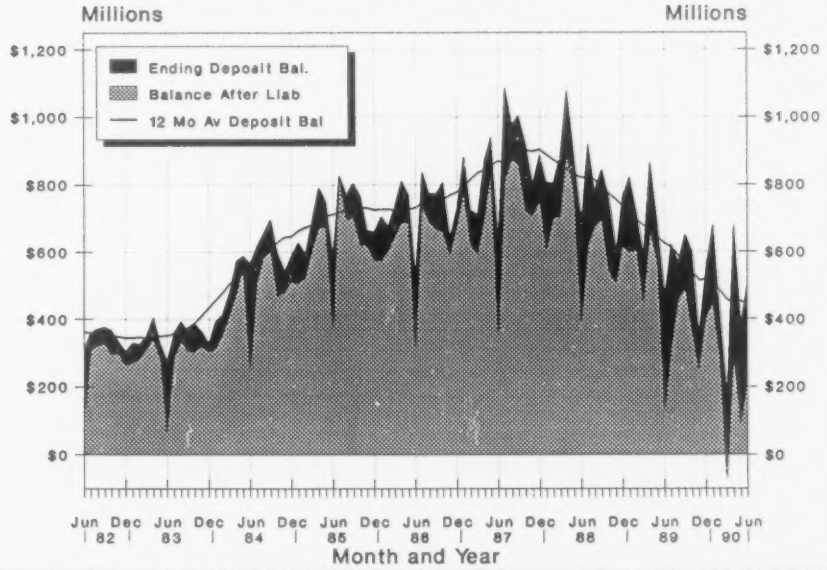


	1982	1983	1984	1985	1986	1987	1988	1989	1990
Constant Dollars	$981	$960	$986	$1,064	$1,119	$1,150	$1,189	$1,251	$1,318
Current Dollars	$981	$1,017	$1,094	$1,237	$1,350	$1,430	$1,544	$1,707	$1,879

PER CAPITA GENERAL GOVERNMENT EXPENDITURES

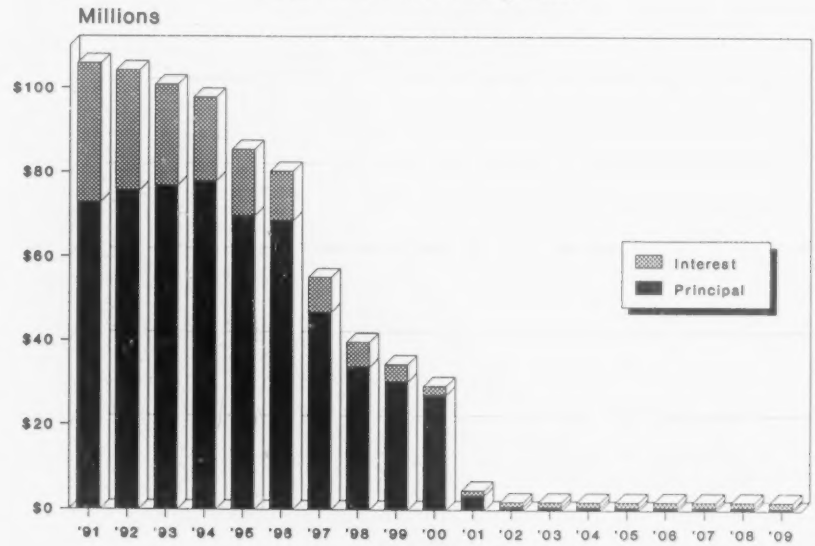
(Data from Tables 1, 2 and 17 - Statistical Section)

GENERAL FUND
Monthly Deposit Balances With The State Treasurer
June 1982 through June 1990

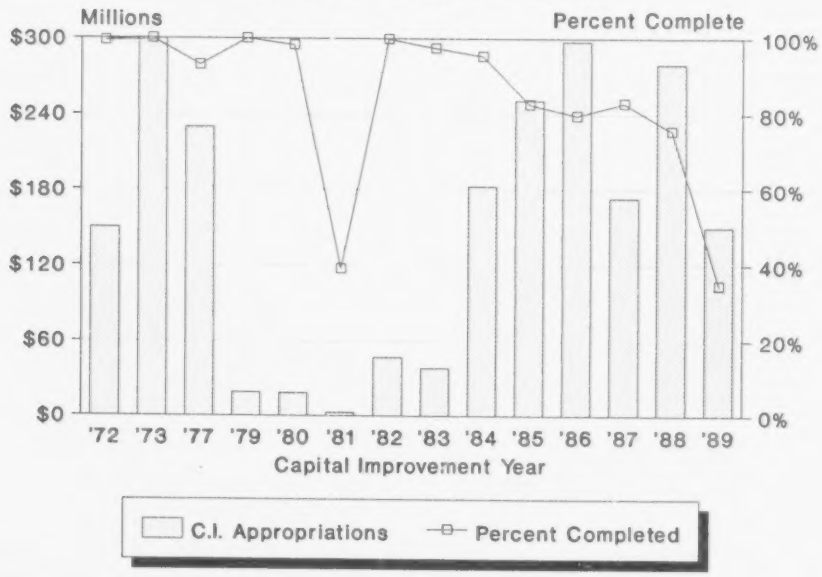


HIGHWAY FUND AND HIGHWAY TRUST FUND
Monthly Deposit Balances With The State Treasurer
June 1979 through June 1990

GENERAL OBLIGATION BONDS
Debt Service Requirements
Fiscal Years 1991 through 2009

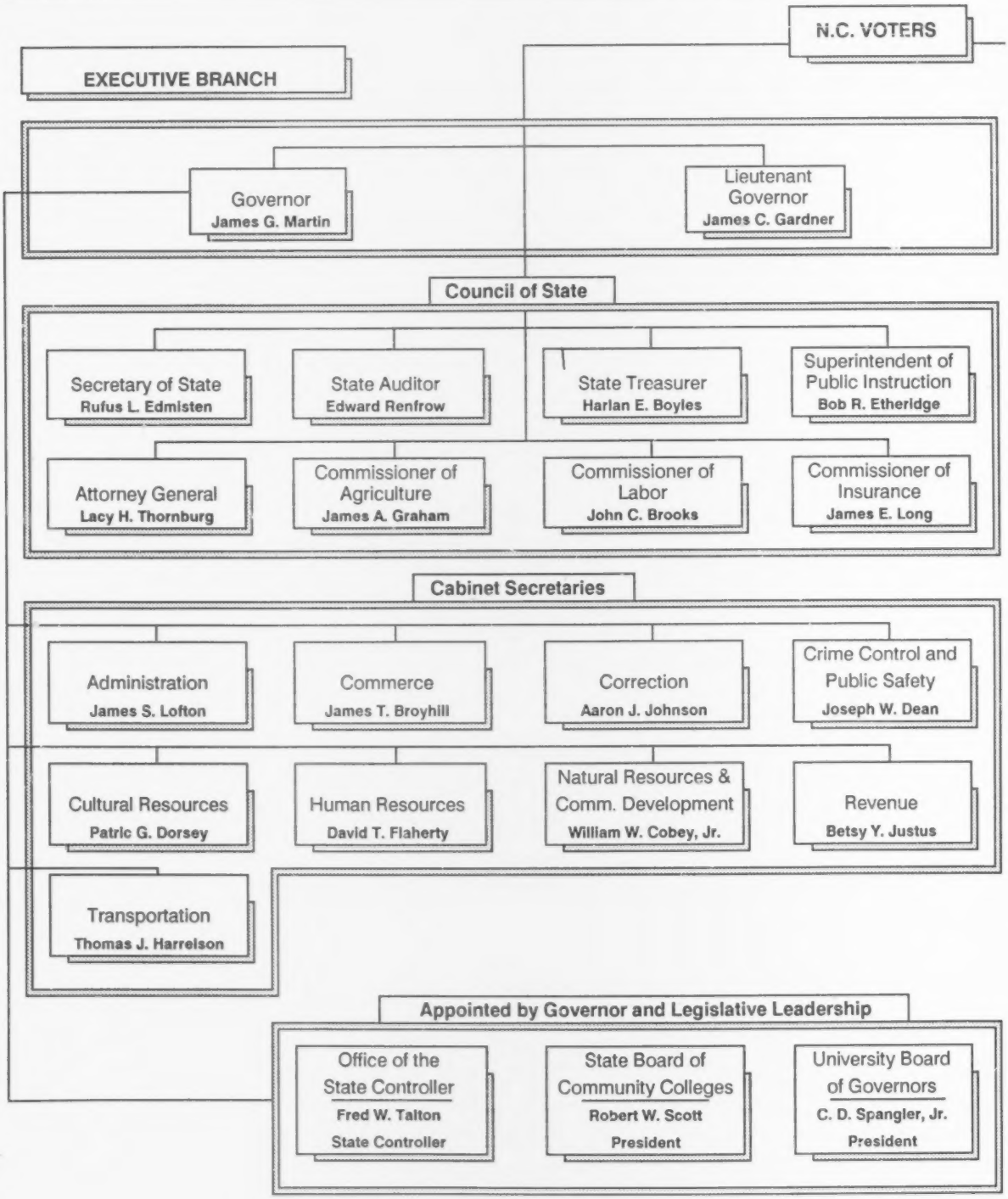


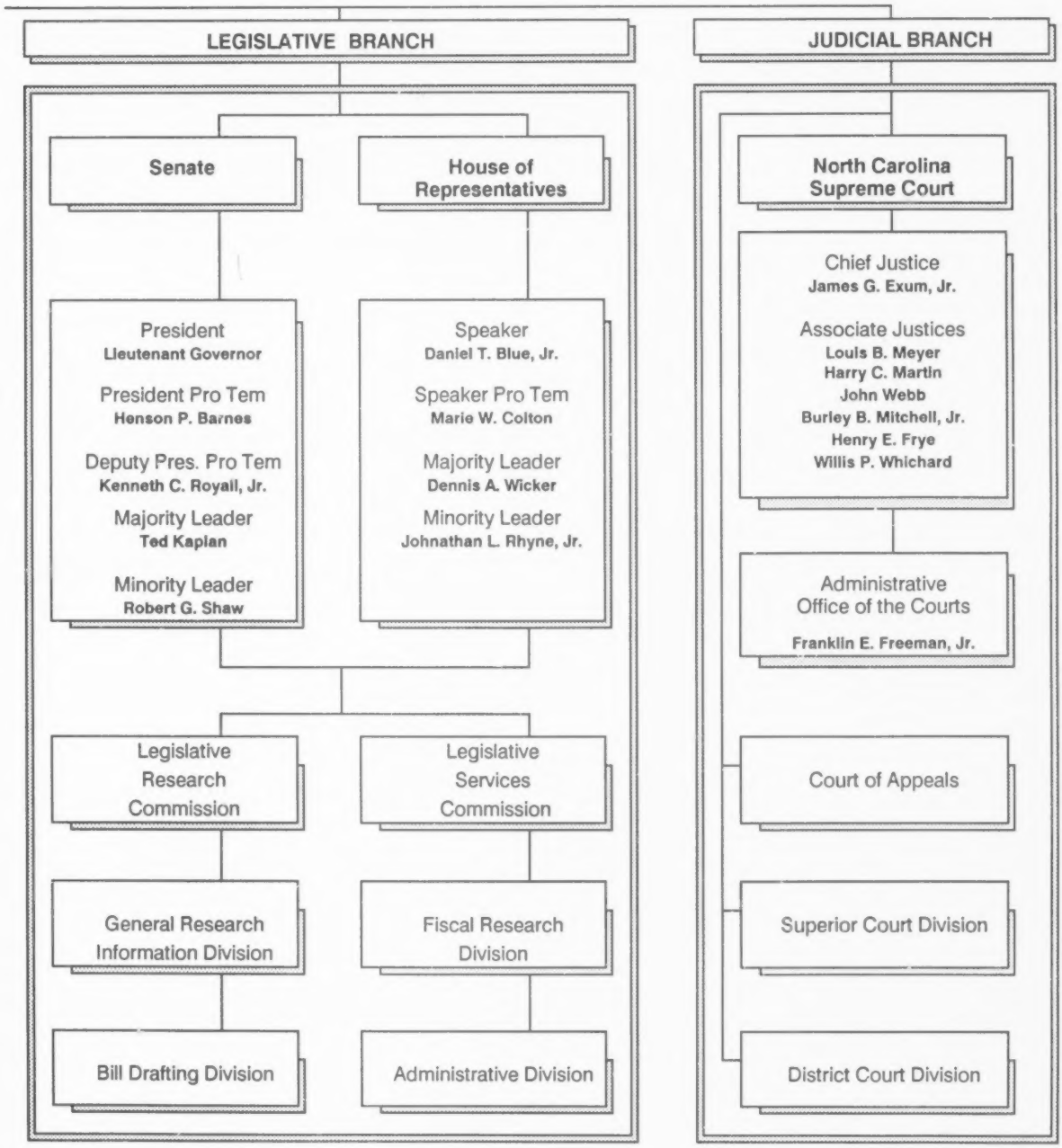
CAPITAL IMPROVEMENT FUNDS
Appropriations vs. Percentage of Completion
Project-to-Date through June 30, 1990



ORGANIZATIONAL CHART OF NORTH CAROLINA STATE GOVERNMENT

January 31, 1991




LEGISLATIVE BRANCH
Senate
House of Representatives
President
Lieutenant Governor
President Pro Tem
Henson P. Barnes
Deputy Pres. Pro Tem
Kenneth C. Royall, Jr.
Majority Leader
Ted Kaplan
Minority Leader
Robert G. Shaw
Speaker
Daniel T. Blue, Jr.
Speaker Pro Tem
Marie W. Colton
Majority Leader
Dennis A. Wicker
Minority Leader
Johnathan L. Rhyne, Jr.
Legislative Research Commission
Legislative Services Commission
General Research Information Division
Fiscal Research Division
Bill Drafting Division
Administrative Division
JUDICIAL BRANCH
North Carolina Supreme Court
Chief Justice
James G. Exum, Jr.
Associate Justices
Louis B. Meyer
Harry C. Martin
John Webb
Burley B. Mitchell, Jr.
Henry E. Frye
Willis P. Whichard
Administrative Office of the Courts
Franklin E. Freeman, Jr.
Court of Appeals
Superior Court Division
District Court Division

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FINANCIAL SECTION

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Required Supplementary Information 81

Combining, Individual Fund and Account Group Statements and Schedules 87

REPORT OF INDEPENDENT AUDITOR

OFFICE OF THE STATE AUDITOR
LEGISLATIVE OFFICE BUILDING
300 N. SALISBURY STREET
RALEIGH, N.C. 27603-5903

EDWARD RENFROW
STATE AUDITOR

(919) 733-3217

Report of Independent Auditor

Governor James G. Martin
The General Assembly of North Carolina

We have audited the accompanying general purpose financial statements of the State of North Carolina as of and for the year ended June 30, 1990, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the North Carolina Deferred Compensation Plan, which represent 23 percent of the assets of the agency funds; the financial statements of the North Carolina Housing Finance Agency and the U.S.S. North Carolina Battleship Commission, which represent 76 percent and 33 percent, respectively, of the assets and revenues of the enterprise funds; nor the financial statements of the North Carolina Student Loan Fund of the State Educational Assistance Authority, which represent 23 percent and 38 percent, respectively, of the assets and revenues of the university fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements supporting the financial activities of the 401-K Supplemental Retirement Income Plan for the fiscal year ended June 30, 1990. The Plan prepares its financial statements and is audited by other auditors on a calendar year basis. Therefore, the financial activities included in the general purpose financial statements for the Plan are unaudited and are for a different fiscal period than the Plan's audited financial statements. Those financial activities are included in the expendable trust funds and represent 12 percent and 15 percent of the assets and revenues, respectively, of that fund type.

The balances reported on the combined balance sheet and the additions and deletions reported on the schedule of changes in Note 3H for the general fixed assets account group are misstated by an amount which is not readily determinable.

As described more fully in Note 1Q to the general purpose financial statements, not all intrafund and interfund transactions have been recorded and reported in accordance with generally accepted accounting principles because the individual fund entities that exist within the State's reporting entity have not been properly identified and recognized within the accounting system, and the accounting policies and procedures are out-of-date and inadequate to properly describe how intrafund and interfund transactions should be recorded. Therefore, the general purpose financial statements are misstated by an amount which is not readily determinable.

In our opinion, based upon our audit and the reports of other auditors, except for the effects of the matters discussed in the preceding paragraphs, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the fund types and account groups of the State of North Carolina at June 30, 1990, and the results of each fund type's operations and the changes in financial position of the proprietary fund types, nonexpendable trust funds, and pension trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of North Carolina. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, except as noted in the third, fourth and fifth paragraphs above, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not examine the data included in the introductory and statistical sections of this report, and accordingly, express no opinion thereon.

Edward Renfrow
State Auditor

December 27, 1990 (except with respect
to the matter discussed in Note 8, as
to which the date is January 17, 1991)

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GENERAL PURPOSE FINANCIAL STATEMENTS

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COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash and Cash Equivalents (Note 3 F)	$ 3,631	$ 20,593	$ 1,121	$ 59
Pooled Cash (Note 3 F)	806,329	826,311	1,453	189,991
Investments (Note 3 F)	8,381	-	-	-
Pooled Investments (Note 3 F)	-	-	-	-
Receivables (Note 3 G)	363,083	84,144	-	208
Interfund Receivables	21,764	59,008	-	106
Notes Receivable	-	-	-	-
Inventories	30,870	56,977	-	-
Prepaid Items	-	1,647	-	-
Fixed Assets (Note 3 H, 3 I)	-	-	-	-
Goodwill	-	-	-	-
Securities Held In Trust	-	5,461	-	
Amount Available in Other Funds	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-
Total Assets and Other Debits	$ 1,234,058	$ 1,054,141	$ 2,574	$ 190,364
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable and Accrued Liabilities	$ 727,595	$ 145,134	$ -	$ 9,239
Interfund Payables	75,402	59,058	-	7
Notes Payable	-	-	-	-
Claims and Benefits Payable	229,958	-	-	-
Capital Leases Payable (Note 3 L)	-	-	-	-
Bonds Payable (Note 3 M)	-	-	775	-
Interest Payable	-	-	346	-
Deposits Payable	241	28,529	-	3,999
Accrued Vacation Leave (Note 3 J)	-	-	-	-
Deferred Revenue	77,064	2,336	-	-
Total Liabilities	1,110,260	235,057	1,121	13,245
Fund Equity and Other Credits				
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Investment In Fixed Assets	-	-	-	-
Fund Balances:				
Reserved/Restricted (Note 3 D)	95,203	152,740	1,453	-
Unreserved/Unrestricted:				
Designated for Subsequent Years' Expenditures	42,103	666,344	-	177,119
Undesignated	(13,508)	-	-	-
Total Fund Equity and Other Credits	123,798	819,084	1,453	177,119
Total Liabilities, Fund Equity and Other Credits	$ 1,234,058	$ 1,054,141	$ 2,574	$ 190,364

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-1

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	University	June 30, 1990	June 30, 1989
$ 65,422	$ 3,683	$ 1,618,781	$ -	$ -	$ 15,278	$ 1,728,568	$ 1,599,027
38,153	155,166	447,076	-	-	456,134	2,920,613	2,683,973
200,499	-	434,049	-	-	583,762	1,226,691	1,053,702
-	178,982	16,581,136	-	-	13,019	16,773,137	14,950,687
73,765	32,586	118,213	-	-	97,815	769,814	678,016
10	211	1,437	-	-	101,131	183,667	59,174
763,304	-	34,314	-	-	128,563	926,181	908,424
8,166	15,110	714	-	-	24,689	136,526	135,034
19,612	503	-	-	-	2,793	24,555	21,139
211,780	87,915	-	1,697,969	-	2,783,820	4,781,484	4,521,850
141	-	-	-	-	-	141	-
-	-	321,708	-	-	-	327,169	254,232
-	-	-	-	4,591	-	4,591	5,621
-	-	-	-	727,980	-	727,980	788,988
$ 1,380,852	$ 474,156	$ 19,557,428	$ 1,697,969	$ 732,571	$ 4,207,004	$ 30,531,117	$ 27,659,867
$ 24,440	$ 27,181	$ 317,116	$ -	24,392	$ 177,968	$ 1,453,065	1,102,473
12,186	628	10,482	-	-	22,698	180,461	74,440
1,218	-	-	-	-	47,521	48,739	38,487
4,346	77,518	9,305	-	-	3,802	324,929	281,417
223	4,829	-	-	2,341	6,109	13,502	14,578
935,929	-	-	-	590,154	301,763	1,828,621	1,794,135
45,441	-	-	-	-	7,638	53,425	44,595
4,162	28	459,096	-	-	130,263	626,318	514,395
8,137	1,654	-	-	115,684	56,010	181,485	163,594
3,275	3,616	5,993	-	-	21,158	113,442	104,018
1,039,357	115,454	801,992	-	732,571	774,930	4,823,987	4,132,132
117,789	46,427	-	-	-	-	164,216	161,174
223,706	312,275	-	-	-	-	535,981	469,902
-	-	-	1,697,969	-	2,505,157	4,203,126	4,016,001
-	-	18,744,127	-	-	606,392	19,599,915	17,526,552
-	-	-	-	-	87,501	973,067	1,014,243
-	-	11,309	-	-	233,024	230,825	339,863
341,495	358,702	18,755,436	1,697,969	-	3,432,074	25,707,130	23,527,735
$ 1,380,852	$ 474,156	$ 19,557,428	$ 1,697,969	$ 732,571	$ 4,207,004	$ 30,531,117	$ 27,659,867

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 6,573,487	$ 970,100	$ -	$ -
Federal Funds	2,022,667	438,759	-	2,260
Local Funds	143,991	23,102	-	-
Investment Earnings	123,139	56,333	-	-
Sales and Services	59,675	3,844	-	266
Sale, Rental and Lease of Property	5,254	181	-	38
Fees, Licenses and Fines	153,870	364,130	-	-
Contributions, Gifts and Grants	1,479	7,550	-	1,392
Miscellaneous	24,611	19,318	-	207
Total Revenues	9,108,173	1,883,317	-	4,163
Expenditures:				
Current:				
General Government	419,601	8,965	-	-
Public Safety and Regulation	366,301	102,208	-	-
Corrections	375,838	1,026	-	-
Public Education and Community Colleges	3,782,994	137,044	-	-
Transportation	-	1,290,250	-	-
Health, Welfare and Rehabilitation	2,608,296	23,667	-	-
Resource Development and Preservation	494,521	35,886	-	-
Agriculture	55,272	-	-	-
Claims and Benefits	-	77,999	-	-
Capital Outlay	-	-	-	104,123
Intergovernmental	-	-	-	4,744
Debt Service:				
Bond Principal Retirement	-	-	73,076	-
Bond Interest	-	-	37,320	-
Total Expenditures	8,102,823	1,677,045	110,396	108,867
Excess Revenues Over (Under) Expenditures	1,005,350	206,272	(110,396)	(104,704)
Other Financing Sources (Uses):				
Operating Transfers In	321,401	235,796	110,239	121,648
Operating Transfers Out	(1,502,698)	(368,312)	-	(15,892)
Funds Escheated	-	-	-	-
Refund of Funds Escheated	-	-	-	-
Proceeds from Bond Sale	-	-	-	-
Total Other Financing Sources (Uses)	(1,181,297)	(132,516)	110,239	105,756
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(175,947)	73,756	(157)	1,052
Fund Balances - July 1	253,569	732,333	1,610	183,495
Restatements (Note 3 C)	3,073	-	-	-
Residual Equity Transfers:				
Transfers In	44,961	-	-	-
Transfers Out	(3,070)	(5,148)	-	(7,428)
Increase In Reserve for Related Assets	1,212	18,143	-	-
Fund Balances - June 30	$ 123,798	$ 819,084	$ 1,453	$ 177,119

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

Fiduciary Fund Types	Totals (Memorandum Only)	
Expendable Trust	June 30, 1990	June 30, 1989
$ 256,370	$ 7,799,957	$ 6,923,562
6,423	2,470,109	2,148,259
165	167,258	138,863
168,117	347,589	336,847
13,910	77,695	66,242
963	6,436	5,963
7,861	525,861	435,925
57,269	67,690	55,958
440	44,576	44,425
511,518	11,507,171	10,156,044
2,827	431,393	375,101
2,320	470,829	396,800
13,190	390,054	333,091
537	3,920,575	3,548,066
-	1,290,250	1,128,706
851	2,632,814	2,312,332
178	530,585	502,343
562	55,834	53,079
262,632	340,631	294,772
-	104,123	73,398
-	4,744	3,682
-	75,076	69,911
-	37,320	41,069
283,097	10,282,228	9,132,350
228,421	1,224,943	1,023,694
1,565	790,649	674,456
(12,095)	(1,898,997)	(1,740,240)
10,770	10,770	9,570
(1,904)	(1,904)	(1,859)
-	-	20,499
(1,664)	(1,099,482)	(1,037,574)
226,757	125,461	(13,880)
1,778,657	2,949,664	2,959,692
(28)	3,045	-
-	44,961	11
(1,350)	(16,996)	-
22	19,377	3,841
$ 2,004,058	$ 3,125,512	$ 2,949,664

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL AND SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	General Fund				
				Variance-Favorable (Unfavorable)	
	Certified Budget	Final Budget	Actual (Budgetary Basis)	Certified Budget	Final Budget
Revenues:					
Taxes:					
Income	$ 4,283,600	$ 4,283,600	$ 3,948,153	$ (335,447)	$ (335,447)
Sales and Use	1,703,300	1,703,300	1,762,718	59,418	59,418
Gasoline	-	-	-	-	-
Other	759,729	759,729	850,552	90,823	90,823
Non-Tax:					
Fees, Licenses and Fines	63,100	63,100	60,279	(2,821)	(2,821)
Investment Income	137,300	137,300	118,669	(18,631)	(18,631)
Other	44,200	44,200	83,342	39,142	39,142
Transfers In	279,400	279,400	164,693	(114,707)	(114,707)
Departmental:					
Federal Funds	2,110,712	2,132,302	1,995,222	(115,490)	(137,080)
Local Funds	307,602	313,761	303,744	(3,858)	(10,017)
Inter-Agency Grants and Allocations	78,156	89,880	80,533	2,377	(9,347)
Intra-Agency Transfers	87,042	316,175	292,625	205,583	(23,550)
Sales and Services	388,755	403,634	419,114	30,359	15,480
Rental and Lease Income	5,295	5,138	5,130	(165)	(8)
Fees, Licenses and Fines	57,586	61,869	60,186	2,600	(1,683)
Contributions, Gifts and Grants	9,179	9,611	8,880	(299)	(731)
Universities	242,595	249,351	239,203	(3,392)	(10,148)
Miscellaneous	10,628	16,222	25,863	15,235	9,641
Total Revenues	10,568,179	10,868,572	10,418,906	(149,273)	(449,666)
Expenditures:					
Current:					
General Government	428,692	453,651	430,447	(1,755)	23,204
Public Safety and Regulation	386,799	405,118	357,808	28,991	47,310
Corrections	384,856	383,764	352,638	32,218	31,126
Public Education and Community Colleges	3,933,278	4,115,740	4,030,634	(97,356)	85,106
Transportation	6,683	6,683	5,600	1,083	1,083
Universities	1,527,017	1,528,441	1,399,210	127,807	129,231
Health, Welfare, and Rehabilitation	3,020,697	3,074,814	2,980,129	40,568	94,685
Resource Development and Preservation	594,498	614,326	522,049	72,449	92,277
Agriculture	59,992	61,001	54,139	5,853	6,862
Claims and Benefits	-	-	-	-	-
Debt Service	70,993	70,993	70,966	27	27
Capital Outlay	150,093	150,093	150,093	-	-
Transfers Out	-	-	-	-	-
Total Expenditures	10,563,598	10,864,624	10,353,713	209,885	510,911
Excess Revenues Over (Under) Expenditures	4,581	3,948	65,193	60,612	61,245
Fund Balances (Budgetary Basis) at July 1, 1989	157,049	157,049	157,049	-	-
Residual Equity Transfer In	-	-	-	-	-
Fund Balances (Budgetary Basis) at June 30, 1990	$ 161,630	$ 160,997	222,242	$ 60,612	$ 61,245
Unbudgeted Funds			-		
Fund Balances (Budgeted and Unbudgeted Funds) at June 30, 1990			$ 222,242		

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

Budgeted Special Revenue Funds					Totals (Memorandum Only)				
			Variance-Favorable (Unfavorable)					Variance-Favorable (Unfavorable)	
Certified Budget	Final Budget	Actual (Budgetary Basis)	Certified Budget	Final Budget	Certified Budget	Final Budget	Actual (Budgetary Basis)	Certified Budget	Final Budget
$ -	$ -	$ -	$ -	$ -	$ 4,283,600	$ 4,283,600	$ 3,948,153	$ (335,447)	$(335,447)
301,400	301,400	164,693	(136,707)	(136,707)	2,004,700	2,004,700	1,927,411	(77,289)	(77,289)
831,500	831,100	803,563	(27,937)	(27,537)	831,500	831,100	803,563	(27,937)	(27,537)
-	-	103	103	103	759,729	759,729	850,655	90,926	90,926
309,400	310,443	301,997	(7,403)	(8,446)	372,500	373,543	362,276	(10,224)	(11,267)
37,600	37,600	34,003	(3,597)	(3,597)	174,900	174,900	152,672	(22,228)	(22,228)
9,300	9,300	8,486	(814)	(814)	53,500	53,500	91,828	38,328	38,328
-	58,360	58,360	58,360	-	279,400	337,760	223,053	(56,347)	(114,707)
120,350	369,876	350,003	229,653	(19,873)	2,231,062	2,502,178	2,345,225	114,163	(156,953)
428	17,765	23,730	23,302	5,965	308,030	331,526	327,474	19,444	(4,052)
96,325	173,480	157,220	60,895	(16,260)	174,481	263,360	237,753	63,272	(25,607)
39,028	42,536	59,292	20,264	16,756	126,070	358,711	351,917	225,847	(6,794)
4,678	5,734	6,005	1,327	271	393,433	409,368	425,119	31,686	15,751
223	220	193	(30)	(27)	5,518	5,358	5,323	(195)	(35)
30,208	32,233	34,126	3,918	1,893	87,794	94,102	94,312	6,518	210
870	1,060	1,015	145	(45)	10,049	10,671	9,895	(154)	(776)
43,795	47,003	47,272	3,477	269	286,390	296,354	286,475	85	(9,879)
8,015	16,420	36,455	28,440	20,035	18,643	32,642	62,318	43,675	29,676
1,833,120	2,254,530	2,086,516	253,396	(168,014)	12,401,299	13,123,102	12,505,422	104,123	(617,680)
13,886	18,793	15,380	(1,494)	3,413	442,578	472,444	445,827	(3,249)	26,617
126,061	133,722	119,956	6,105	13,766	512,860	538,840	477,764	35,096	61,076
2,594	3,565	3,235	(641)	330	387,450	387,329	355,873	31,577	31,456
204	260,566	140,034	(139,830)	120,532	3,933,482	4,376,306	4,170,668	(237,186)	205,638
1,175,679	1,843,170	1,335,519	(159,840)	507,651	1,182,362	1,849,853	1,341,119	(158,757)	508,734
42,646	53,218	45,014	(2,368)	8,204	1,569,663	1,581,659	1,444,224	125,439	137,435
30,660	31,454	23,532	7,128	7,922	3,051,357	3,106,268	3,003,661	47,696	102,607
52,663	57,199	51,519	1,144	5,680	647,161	671,525	573,568	73,593	97,957
-	-	-	-	-	59,992	61,001	54,139	5,853	6,862
78,328	78,328	88,241	(9,913)	(9,913)	78,328	78,328	88,241	(9,913)	(9,913)
38,491	38,491	38,491	-	-	109,484	109,484	109,457	27	27
11,460	11,587	18,175	(6,715)	(6,588)	161,553	161,680	168,268	(6,715)	(6,588)
290,400	338,610	223,053	67,347	115,557	290,400	338,610	223,053	67,347	115,557
1,863,072	2,868,703	2,102,149	(239,077)	766,554	12,426,670	13,733,327	12,455,862	(29,192)	1,277,465
(29,952)	(614,173)	(15,633)	14,319	598,540	(25,371)	(610,225)	49,560	74,931	659,785
1,451,024	1,451,024	1,451,024	-	-	1,608,073	1,608,073	1,608,073	-	-
-	-	370	370	370	-	-	370	370	370
$ 1,421,072	$ 836,851	1,435,761	$ 14,689	$ 598,910	$ 1,582,702	$ 997,848	1,658,003	$ 75,301	$ 660,155
		168					168		
		$ 1,435,929					$ 1,658,171		

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues:		
Sales and Services	$ 281,099	$ 127,190
Investment Earnings	93,244	25,914
Rental and Lease Earnings	4,454	886
Fees, Licenses and Fines	1,281	1,767
Contributions	206	102,197
Federal Grants	16,894	-
Insurance Premiums	-	465,408
Miscellaneous	13,521	1,128
Allowances and Uncollectible Accounts	(73,374)	-
Total Operating Revenues	337,325	724,490
Operating Expenses:		
Personal Services	154,228	25,346
Supplies and Materials	11,084	79,713
Services	30,829	33,087
Interest	78,873	-
Purchases for Resale	35,404	26,646
Depreciation/Amortization	16,433	16,184
Federal Grants	16,346	-
Grants to Local Governments	-	-
Claims and Benefits	-	453,894
Insurance and Bonding	-	76,311
Refund of Contributions	-	-
Other	9,521	6,383
Total Operating Expenses	352,718	717,564
Operating Income (Loss)	(15,393)	6,926
Net Nonoperating Revenues (Expenses)	(130)	(4,164)
Income (Loss) Before Operating Transfers	(15,523)	2,762
Operating Transfers:		
Operating Transfers In	38,606	54,822
Operating Transfers Out	(1,063)	(5,542)
Total Operating Transfers In (Out)	37,543	49,280
Net Income Before Extraordinary Loss	22,020	52,042
Extraordinary Loss (Note 3 M)	(551)	-
Net Income	21,469	52,042
Fund Equity - July 1	322,241	308,835
Restatements (Note 3 C)	(3,650)	-
Residual Equity Transfers:		
Transfers In	118	-
Transfers Out	(1)	(3,900)
Increase in Contributed Capital	1,318	1,725
Fund Equity - June 30	$ 341,495	$ 358,702

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-4

Fiduciary Fund Types		Totals (Memorandum Only)	
Nonexpendable Trust	Pension Trust	June 30, 1990	June 30, 1989
$ -	$ -	$ 408,289	$ 357,922
5,549	1,430,129	1,554,836	1,419,707
-	-	5,340	5,506
1,090	4,386	8,524	7,741
97	1,048,071	1,150,571	1,042,868
-	-	16,894	16,952
-	-	465,408	393,794
-	489	15,138	14,470
-	-	(73,374)	(49,814)
6,736	2,483,075	3,551,626	3,209,146
7	3,489	183,070	171,560
-	-	90,797	79,762
-	-	63,916	58,604
-	-	78,873	72,270
-	-	62,050	57,428
-	-	32,617	29,052
-	-	16,346	16,389
1,270	-	1,270	7,020
-	661,986	1,115,880	943,687
-	-	76,311	64,423
-	70,812	70,812	63,762
11,477	-	27,381	18,046
12,754	736,287	1,819,323	1,582,003
(6,018)	1,746,788	1,732,303	1,627,143
-	-	(4,294)	(253)
(6,018)	1,746,788	1,728,009	1,626,890
16,494	-	109,922	125,741
(770)	-	(7,375)	(4,778)
15,724	-	102,547	120,963
9,706	1,746,788	1,830,556	1,747,853
-	-	(551)	(741)
9,706	1,746,788	1,830,005	1,747,112
69,096	14,929,388	15,629,560	13,863,653
-	-	(3,650)	-
-	-	118	-
(3,600)	-	(7,501)	(11)
-	-	3,043	18,806
$ 75,202	$ 16,676,176	$ 17,451,575	$ 15,629,560

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit A-5

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	June 30, 1990	June 30, 1989
Sources of Working Capital						
Operations:						
Net Income Before Extraordinary Items	$ 22,020	$ 52,042	$ 9,706	$ 1,746,788	$ 1,830,556	$ 1,747,853
Items Not Requiring (Providing) Working Capital:						
Depreciation/Amortization	16,433	16,184	-	-	32,617	29,052
Fixed Asset Write-off	111	3,836	-	-	3,947	-
Loss on Sale or Transfer of Fixed Assets	558	554	-	-	1,112	707
Working Capital Provided by Operations Before Extraordinary Items	39,122	72,616	9,706	1,746,788	1,868,232	1,777,612
Extraordinary Item	(551)	-	-	-	(551)	(741)
Working Capital Provided by Operations	38,571	72,616	9,706	1,746,788	1,867,681	1,776,871
Proceeds from Sale of Bonds	110,717	-	-	-	110,717	140,620
Proceeds from Sale of Investments	268,822	-	-	-	268,822	18,663
Principal Collections on Loans	83,931	-	206	-	84,137	43,249
Other Sources	12,628	7,889	194	-	20,711	21,114
Total Sources of Working Capital	514,669	80,505	10,106	1,746,788	2,352,068	2,000,517
Uses of Working Capital						
Acquisition of Fixed Assets	32,847	25,874	-	-	58,721	52,491
Purchase of Investments	287,226	-	-	-	287,226	25,376
Purchase of Wholly-Owned Subsidiary	944	-	-	-	944	-
Purchase of Mortgage Loans Receivable	92,884	-	-	-	92,884	131,371
Retirement of Bonds	49,499	-	-	-	49,499	57,791
Issuance of Long-Term Notes Receivable	-	-	7,482	-	7,482	2,826
Residual Equity Transfers	-	3,900	3,600	-	7,500	11
Other Uses	4,156	2,365	-	-	6,521	5,432
Total Uses of Working Capital	467,556	32,139	11,082	-	510,777	275,298
Net Increase (Decrease) in Working Capital	$ 47,113	$ 48,366	$ (976)	$ 1,746,788	$ 1,841,291	$ 1,725,219
Elements of Net Increase (Decrease) In Working Capital						
Cash and Cash Equivalents	$ 42,922	2,233	$ 53	$ -	$ 45,208	$ 9,056
Pooled Cash	(1,261)	(7,411)	(15,104)	38,183	14,407	92,190
Investments	1,899	(17)	13	-	1,895	(957)
Pooled Investments	-	73,297	18,140	1,697,696	1,789,133	1,627,268
Receivables	20,568	(796)	68	10,908	30,748	13,961
Interfund Receivables	-	(103)	-	-	(103)	(2,138)
Notes Receivable	599	-	(4,147)	-	(3,548)	4,674
Inventories	1,397	(2,598)	-	-	(1,201)	(603)
Prepaid Items	136	182	-	-	318	76
Payables	(8,843)	(10,506)	1	(1)	(19,349)	1,852
Interfund Payables	-	(350)	-	-	(350)	1,311
Notes Payable	(723)	-	-	-	(723)	139
Claims and Benefits Payable	(178)	(5,828)	-	2	(6,004)	(4,372)
Capital Leases Payable	(18)	1,031	-	-	1,013	1,622
Bonds Payable	(1,316)	-	-	-	(1,316)	(1,330)
Interest Payable	(8,310)	-	-	-	(8,310)	(11,745)
Deposits Payable	174	(5)	-	-	169	504
Accrued Vacation Leave	(1,560)	(232)	-	-	(1,792)	(1,192)
Deferred Revenue	1,627	(531)	-	-	1,096	(5,097)
Net Increase (Decrease) in Working Capital	$ 47,113	$ 48,366	$ (976)	$ 1,746,788	$ 1,841,291	$ 1,725,219

The accompanying Notes to the Financial Statements are an integral part of this statement.

COMBINED STATEMENT OF CHANGES IN FUND EQUITY
ALL UNIVERSITY FUND TYPES

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit A-6

(Expressed in Thousands)

	University Fund Types			Totals (Memorandum Only)	
	Current	Fiduciary	Plant	June 30, 1990	June 30, 1989
Revenues and Other Additions:					
Tuition and Fees	$ 240,393	$ -	$ 2,910	$ 243,303	$ 204,088
Federal Appropriations	17,868	-	-	17,868	18,593
Federal Contracts and Grants	276,109	1,048	951	278,108	262,480
State Contracts and Grants	29,727	-	-	29,727	27,472
Local Contracts and Grants	813	-	-	813	915
Private Gifts, Contracts and Grants	123,740	9,316	1,543	134,599	125,618
Endowment Income	13,972	88	1,913	15,973	12,704
Sales and Services	384,437	-	-	384,437	373,956
Investment Earnings	33,197	15,645	10,188	59,030	50,986
Realized Gain on Sale of Investments	53	11,398	28	11,479	7,574
Expended for Plant Facilities	-	-	219,292	219,292	222,189
Retirement of Indebtedness	-	-	18,662	18,662	12,580
Other Revenues and Additions	23,212	6,543	8,194	37,949	34,188
Total Revenues and Other Additions	1,143,521	44,038	263,681	1,451,240	1,353,343
Expenditures and Other Deductions:					
Educational and General:					
Instruction	717,449	-	-	717,449	636,945
Organized Research	222,795	-	-	222,795	204,656
Public Service	138,376	-	-	138,376	135,231
Academic Support	128,001	-	-	128,001	146,581
Student Services	43,576	-	-	43,576	40,077
Institutional Support	132,984	-	-	132,984	124,145
Physical Plant Operations	138,636	-	-	138,636	126,554
Student Financial Aid	130,307	-	-	130,307	121,657
Total Educational and General	1,652,124	-	-	1,652,124	1,535,836
Auxiliary Enterprises	220,700	-	-	220,700	220,885
Internal Service	38,274	-	-	38,274	25,672
Independent Operations	18,401	-	-	18,401	12,340
Professional Clinical Services	94,262	-	-	94,262	82,527
Indirect Cost Recovered	44,311	-	-	44,311	40,212
Refunded to Grantors	536	-	-	536	320
Administrative and Collection Costs, Loan Cancellation, and Bad Debts	-	4,075	-	4,075	4,267
Realized Loss on Sale of Investments	99	902	674	1,675	1,790
Expended for Plant Facilities	-	-	118,060	118,060	140,354
Retirement of Indebtedness	-	-	19,476	19,476	19,204
Interest on Indebtedness	-	-	21,766	21,766	20,024
Disposal of Plant Facilities	-	-	65,589	65,589	21,966
Other Expenditures and Deductions	2,994	-	1,644	4,638	5,455
Total Expenditures and Other Deductions	2,071,701	4,977	227,209	2,303,887	2,130,872
Transfers-Additions (Deductions):					
Intrainstitutional Transfers:					
Mandatory Transfers	(36,331)	122	37,532	1,323	5,015
Non-Mandatory Transfers	(21,138)	6,722	13,053	(1,363)	(8,469)
Interinstitutional Transfers	(4,426)	-	470	(3,956)	3,672
Operating Transfers In	1,017,101	-	25,287	1,042,388	1,056,763
Net Transfers	955,206	6,844	76,342	1,038,392	1,056,981
Net Increase in Fund Equity	27,026	45,905	112,814	185,745	279,452
Fund Equity - July 1	322,684	406,439	2,519,853	3,248,976	2,969,524
Restatements (Note 3 C)	(5,073)	(241)	22,043	16,729	-
Residual Equity Transfers	-	-	(19,376)	(19,376)	-
Fund Equity- June 30	$ 344,637	$ 452,103	$ 2,635,334	$ 3,432,074	$ 3,248,976

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND TRANSFERS ALL UNIVERSITY CURRENT FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit A-7

(Expressed in Thousands)

	Unrestricted				Totals (Memorandum Only)	
	General	Proprietary	Total	Restricted	June 30, 1990	June 30, 1989
Revenues:						
Tuition and Fees	$ 188,025	$ 52,368	$ 240,393	$ -	$ 240,393	$ 201,496
Federal Appropriations	17,868	-	17,868	-	17,868	18,593
Federal Contracts and Grants	38,231	-	38,231	200,742	238,973	219,663
State Contracts and Grants	1,198	-	1,198	25,394	26,592	23,007
Local Contracts and Grants	9	-	9	737	746	940
Private Gifts, Contracts and Grants	11,249	3,360	14,609	95,193	109,802	98,351
Endowment Income	3,102	3	3,105	6,963	10,068	7,219
Sales and Services	26,056	356,209	382,265	720	382,985	372,716
Investment Earnings	11,211	14,450	25,661	265	25,926	23,174
Realized Gain on Sale of Investments	53	-	53	-	53	-
Other Revenues	7,657	5,307	12,964	7,628	20,592	17,805
Total Current Revenues	304,659	431,697	736,356	337,642	1,073,998	982,964
Expenditures:						
Educational and General:						
Instruction	649,371	-	649,371	68,078	717,449	636,945
Organized Research	71,162	-	71,162	151,633	222,795	204,666
Public Service	107,258	-	107,258	31,118	138,376	135,231
Academic Support	117,719	-	117,719	10,282	128,001	146,581
Student Services	41,745	-	41,745	1,831	43,576	40,077
Institutional Support	127,827	-	127,827	5,157	132,984	124,145
Physical Plant Operations	137,514	-	137,514	1,122	138,636	126,554
Student Financial Aid	61,886	-	61,886	68,421	130,307	121,657
Total Educational and General	1,314,482	-	1,314,482	337,642	1,652,124	1,535,856
Auxiliary Enterprises	-	220,700	220,700	-	220,700	220,885
Internal Service	-	38,274	38,274	-	38,274	25,672
Independent Operations	-	18,401	18,401	-	18,401	12,340
Professional Clinical Services	-	94,262	94,262	-	94,262	82,527
Realized Loss on Sale of Investments	99	-	99	-	99	1,064
Other Expenditures and Deductions	1,018	1,976	2,994	-	2,994	4,511
Total Expenditures	1,315,599	373,613	1,689,212	337,642	2,026,854	1,882,855
Transfers and Additions/(Deductions):						
Excess of Restricted Receipts over Transfers to Revenues	-	-	-	25,212	25,212	23,243
Refund to Grantors	-	-	-	(536)	(536)	(320)
Mandatory Transfers	(6,964)	(30,094)	(37,058)	727	(36,331)	(22,633)
Non-Mandatory Transfers	(2,438)	(11,686)	(14,124)	(7,014)	(21,138)	(20,527)
Interinstitutional Transfers	637	-	637	(5,062)	(4,425)	(359)
Operating Transfers In	1,017,101	-	1,017,101	-	1,017,101	959,386
Net Increase (Decrease) in Fund Equity	$ (2,604)	$ 16,304	$ 13,700	$ 13,327	$ 27,027	$ 38,899

The accompanying Notes to the Financial Statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the State of North Carolina have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The financial statements of the University Funds have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).

The financial statements are presented as of and for the fiscal year ended June 30, 1990, except for the USS North Carolina Battleship Commission whose statements are as of and for the fiscal year ended September 30, 1989 and the North Carolina Deferred Compensation Plan whose statements are as of and for the calendar year ended December 31, 1989.

B. FINANCIAL REPORTING ENTITY

For financial reporting purposes the State of North Carolina entity includes all fund types, account groups, departments and agencies of the State, as well as universities and boards, commissions, and authorities, over which the State's executive, legislative and judicial branches exercise oversight responsibility. This is in conformity with the guidelines issued by the Governmental Accounting Standards Board in its GASB Codification Section 2100.

The criteria for including an organization in the State's reporting entity are determined on the basis of accountability for fiscal matters, designation of management, ability to significantly influence operations, selection of governing authority, scope of public service and any special relationships.

Based on the application of the GASB Codification Section 2100 criteria, the following organizations, in addition to those mentioned above, meet the oversight criteria and are included in the accompanying financial statements:

Enterprise Funds:

- USS North Carolina Battleship Commission
- North Carolina State Ports Authority
- North Carolina Ports Railway Commission
- North Carolina Housing Finance Agency
- North Carolina Low Level Radioactive Waste Management Authority

Agency Fund:

- North Carolina Deferred Compensation Plan

The following significant organizations have been determined not to be a part of the reporting entity after applying the manifestations of oversight, scope of public service, or special financing relationships criteria of GASB Codification Section 2100 and are, therefore, excluded from the accompanying financial statements because, except for fiduciary responsibilities in some instances, the State does not control the assets, operations or management of the respective entities:

- Community colleges (other than State aid)
- Local school administrative units (other than State aid)
- Local Alcoholic Beverage Control (ABC) boards and stores
- North Carolina Biotechnology Center (*joint venture*)
- MCNC (formerly the Microelectronics Center of North Carolina) (*joint venture*)

Note 5 presents additional information regarding the State's participation in the joint ventures listed above.

C. FUND ACCOUNTING

The financial activities of the State are organized on a basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

NOTES TO THE FINANCIAL STATEMENTS

1. Governmental Funds

Governmental funds are those through which most governmental functions of the State are financed. The acquisition, use and balances of the State's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. The following are the State's governmental funds.

General Fund. All financial resources received and used for services traditionally provided by a state government and not required to be accounted for in other funds are accounted for in the general fund. These services include general government; public safety and regulation; corrections; education (other than institutions of higher education); health, welfare and rehabilitation; resource development and preservation; and agriculture.

Special Revenue Funds. Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes are accounted for in special revenue funds. Special revenue funds account for highway maintenance and construction, public school construction; activities funded by the issuance of general obligation bonds and other resources restricted as to purpose.

Debt Service Funds. Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

Capital Projects Funds. Transactions related to resources obtained and used for the acquisition, construction or improvement of major governmental general fixed assets are accounted for in the capital projects funds. Such resources are derived principally from operating transfers from the General Fund.

2. Proprietary Funds

Proprietary funds are used to account for the State's ongoing activities which are similar to those often found in the private sector. The proprietary fund measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles used are those applicable to similar businesses in the private sector; thus, these funds are reported on the accrual basis of accounting. The following are the State's proprietary funds.

Enterprise Funds. Enterprise funds account for operations of State government that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The acquisition, maintenance and improvement of physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, Federal grants and other State funds.

Internal Service Funds. Internal service funds account for the operations of State agencies that provide services to other State agencies, departments or other governmental units on a cost reimbursement basis.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the State's fiduciary funds.

Trust Funds

Expendable. Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Nonexpendable. Nonexpendable trust funds account for assets held by the State in a trustee capacity where only income derived from the principal may be expended in the course of the funds' designated operations. The principal must be preserved intact.

Pension. Pension trust funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State public employee retirement systems.

Agency Funds

Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

4. Account Groups

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations and do not involve measurement of operations.

General Fixed Assets Account Group. This account group is established to account for fixed assets acquired for general government purposes, except those accounted for in proprietary funds or university funds. General fixed assets do not represent financial resources available for appropriation and expenditure.

General Long-Term Obligations Account Group. This account group is established to account for the unmatured principal of the State's general long-term debt and other long-term obligations of governmental funds. The unmatured principal of general long-term debt and other long-term obligations does not require current appropriation and expenditure of governmental fund financial resources.

5. University Funds

University funds account for the operations of State universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, the university funds are an aggregation of the following funds:

Current Funds. Current funds account for economic resources of the institutions which are expendable for any purpose in performing the primary objectives of the institutions and which have not been designated by the governing body for any other purposes. Resources restricted for specific current operating purposes by a donor or other external agency are accounted for as restricted current funds.

Fiduciary Funds

Loan. Loan funds account for resources available for loans to students, staff and faculty.

Endowment. Endowment and similar funds are similar to trust funds in that they must be administered in accordance with the terms of the applicable agreements.

Agency. Agency funds are those funds of students and organizations held by the universities as custodian.

Plant Funds. Plant funds consist of resources available to acquire or repair institutional properties, to service debt incurred to acquire such properties and the cost of fixed assets and the sources from which the cost is funded, including associated liabilities. The plant funds resources and activities are accounted for in three sub-groups: Unexpended, Debt Service and Investment in Plant.

D. BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of proprietary funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' and similar trust funds' operating statements present increases (revenues) and decreases (expenses) in net total assets.

Governmental Funds, Expendable Trust Funds and Agency Funds

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Material revenues susceptible to accrual include federal grants. Expenditures and other uses of financial resources are recognized when the related liability is

incurred, except for items that are not planned to be liquidated with expendable available resources, such as the long-term portion of the liability for compensated absences and capital lease obligations. Other modifications to the accrual basis of accounting include:

- Inventories generally are considered expenditures at acquisition;
- Prepayments usually are not capitalized; and,
- Principal and interest on long-term debt are recorded when due.

Proprietary, Nonexpendable Trust and Pension Trust Funds

The accounts of the enterprise, internal service, nonexpendable trust and pension trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

University Funds

The accounts of the university funds are reported using the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets is not recorded; and,
- Revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

E. BUDGETARY PROCESS

The State of North Carolina operates on a biennial budget cycle with departmental certified budgets adopted on the cash basis of accounting for the general, certain special revenue, and capital projects funds. Separate budgets are adopted by the General Assembly for each year, except for the capital projects funds and special revenue bond funds, which are budgeted on a project basis. These funds are, therefore, not included on the budgetary comparison statements. Since the budget basis differs from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis. A reconciliation between the budgetary basis and the GAAP basis is presented in Note 3 E.

Budgetary control is exercised at the departmental and university level. The "Certified Budget" is the legal expenditure authority created by the appropriation bills which are passed into law by the N. C. General Assembly. The departments and universities are permitted to overexpend their "Certified Budget," within prescribed guidelines, as authorized by the General Assembly and approved by the Office of State Budget and Management (OSBM). The "Certified Budget" plus the approved amount to overexpend results in the "Final Budget" for each department and university as presented in the accompanying financial statements. In certain emergency situations, the OSBM, with Council of State approval, may allot additional funds from the contingency and emergency appropriation reserves. Appropriations lapse at the end of each fiscal year.

An encumbrance system is maintained by most state departments to account for commitments resulting from approved purchase orders, work orders and contracts. Encumbrances at year-end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Normally, encumbrances outstanding at year-end for unfulfilled obligations of the current year budget are reestablished in the succeeding year and expended from that year's appropriations. However, in rare instances OSBM will authorize a department to write a check for an encumbrance which creates a "budgetary expenditure." These budgetary expenditures are referred to as "cash carryforward of appropriations."

Detailed appropriation and departmental budget information is available through the Office of State Budget and Management, 116 West Jones Street, Raleigh, N. C. 27603.

F. CASH AND CASH EQUIVALENTS

This classification includes undeposited receipts, petty cash, checking accounts and time deposits managed by the State's agencies and institutions.

NOTES TO THE FINANCIAL STATEMENTS

G. POOLED CASH

This classification consists of pooled cash accounts managed by the State Treasurer on behalf of the State's agencies and institutions.

H. INVESTMENTS AND POOLED INVESTMENTS

These classifications consist of long-term pooled investments (managed by the State Treasurer) stated at cost and long-term non-pooled investments (managed by agencies and institutions) that are stated at cost or amortized cost. Investments of the State's Deferred Compensation Plan (*agency fund*) are valued at market value. Note 3 F provides a detailed listing of the types of investments that State law allows.

I. RECEIVABLES AND INTERFUND RECEIVABLES

Receivables in the State's governmental and fiduciary funds consist primarily of tax, interest and federal revenues. Receivables in proprietary and university funds occur in the normal course of business.

Interfund receivables consist of transfers between fund types and State departments within State government. Operating transfers, reimbursements and residual equity transfers are classified in this account.

J. INVENTORIES

Inventories, consisting of materials and supplies, are valued on the first-in, first-out or moving weighed average basis for governmental and most university funds. The Highway Fund (special revenue) maintenance and construction inventories are valued on a moving weighted average basis. Inventories of proprietary funds are valued on the first-in, first-out or moving weighted average basis. Some university book stores utilize the retail inventory method.

Except for the Highway Fund, the cost of inventory items in governmental funds is recorded as an expenditure when purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The proprietary, university and the Highway Fund maintenance and construction inventories are recognized as expenditures when consumed.

K. PROPERTY, PLANT AND EQUIPMENT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and are depreciated either on the straight line basis or on the units of output basis over their useful lives. Fixed assets of universities are capitalized in the university funds. Depreciation is not provided on these assets.

Fixed assets are stated at historical cost or, in some instances, estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. The State capitalizes all fixed assets which have a value or cost in excess of $5,000 at the date of acquisition and have an expected useful life of two or more years, except for University fixed assets, which use a minimum threshold of

NOTES TO THE FINANCIAL STATEMENTS

$500 for capitalization to comply with federal reporting requirements. In addition, certain enterprise funds (USS N.C. Battleship Commission, UNC Hospitals, N.C. Housing Finance Agency, N.C. State Ports Authority and N.C. Ports Railway Commission) continue to capitalize fixed assets at $500 or less.

Public domain ("infrastructure") general fixed assets consisting of highways, bridges, highway lands and rights-of-way are not capitalized, as these assets are immovable and of value only to the government.

The depreciation methods and estimated lives used by proprietary funds are:

	Method	*Estimated Useful Life*
Buildings	Straight-line	20-50 years
Other structures and improvements	Straight-Line	20-50 years
Machinery and equipment	Straight-line or Units of output	3-20 years

L. LEASE OBLIGATIONS

Assets acquired under capital leases are generally valued at the present value of the lease payments. Capital leases of governmental funds are reported in the general long-term obligations account group and the related assets are reported in the general fixed assets account group. Capital leases for proprietary funds and university funds are reported in those funds, along with the related assets.

GASB Codification Section L20 and the Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, issued by the Financial Accounting Standards Board (FASB), establish requirements for lease obligations. Leases meeting the standards of FASB 13 have been capitalized and are reported as capital leases payable. Other leases are accounted for as operating leases and are not recorded on the balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. Refer to Note 3 L for specific disclosures on lease obligations.

All leases of the State contain appropriation clauses indicating that continuation of the lease is subject to continued funding by the Legislature. For reporting purposes, leases are fully disclosed since cancellation due to lack of appropriation is deemed unlikely.

M. COMPENSATED ABSENCES

The State has adopted the accounting and reporting principles outlined in GASB Codification Section C60 regarding employee vacation leave. Since unpaid vacation leave will not be liquidated with expendable available financial resources, the State's liability for long-term accumulated unpaid vacation leave is reported in the accompanying General Long-Term Obligations Account Group for all governmental funds. There is no liability in the accompanying financial statements for unpaid accumulated sick leave because the State has no obligation to pay sick leave upon employee termination or retirement.

In the proprietary funds and university funds, the liability for accumulated unpaid vacation leave is reported as a current liability. For the same reasons as cited for governmental funds, no liability for unpaid accumulated sick leave is recorded. Although these funds are proprietary in nature, the ultimate liability for unpaid vacation and sick leave rests with the State as a whole. Note 3 J discloses the amount of the liability for unpaid vacation leave.

In all governmental funds, except for the Highway Fund (special revenue), the expenditure for compensated absences (vacation and sick leave) is recorded when the leave is taken. In the Highway Fund, vacation and sick leave is recorded as earned for those employees whose time is chargeable to federal participation projects. The expenditure for compensated absences for all other Highway employees follow the governmental funds' policy described above.

In proprietary funds the expense for vacation leave is recorded when the leave is earned. In university funds a year-end adjustment is recorded to reflect the current year's vacation leave expense. The expense for sick leave is recorded when the leave is taken in both proprietary and university funds.

NOTES TO THE FINANCIAL STATEMENTS

N. LONG-TERM LIABILITIES

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term obligations account group. Expenditures for principal and interest payments, for governmental fund general obligation bonds and revenue bonds, are recognized in the Debt Service Fund when due. Long-term liabilities expected to be financed from the proprietary funds and the university funds, as well as the related interest payments, are accounted for in those funds.

O. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other funds. Fund balance reserved/restricted represents that portion of fund balance not available for appropriation or legally segregated for a specific future use. Designations of unreserved fund balances indicate the State's tentative plans for use of financial resources in a future period. Refer to Note 3 D for disclosure on reserves and designations.

P. REVENUES

Taxes. Income tax revenues are self-assessed by taxpayers and recognized as revenue by the State when cash is received. However, if taxpayer liability and collectibility can be clearly established, as when tax returns have been filed but collection is delayed, a receivable is recorded; revenue is then accrued if available to pay current-period liabilities, or otherwise deferred until collection is made. Sales taxes collected by merchants but not yet required to be remitted to the State by the end of the fiscal year are not accrued. Sales tax revenues are recognized when cash is received.

Federal Grant Revenues. Federal grants are recorded as receivables and as revenues when the related expenditures are incurred. Grants received before the revenue recognition criteria have been met are reported as deferred revenue.

Q. INTERFUND TRANSACTIONS

During the course of normal operations, the State has numerous transactions between and within fund types, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, except for retirement contributions made by the State which are accounted for as revenues in the pension trust funds and expenditures/expenses in the contributing funds. All intrafund transactions included in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances have not been eliminated and interfund receivables/payables included in the Combined Balance Sheet do not reconcile because an accounting mechanism to assure proper recordation is not in place. Therefore, contrary to generally accepted accounting principles, operating transfers and interfund receivables/payables are misstated by an amount not readily determinable, and detailed note disclosure of interfund receivables/payables balances is not reported.

Internal service funds record charges for services to all State funds as operating revenue. All State funds record these payments to the internal service funds as current expenditures/operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

R. TOTALS - MEMORANDUM ONLY

The "*Totals - Memorandum Only*" column represents an aggregation of the individual combined financial statements. The "*Totals*" column is presented for overview informational purposes and does not represent consolidated financial information.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. RETAINED EARNINGS / FUND BALANCE DEFICIT

At the end of fiscal year 1990, the North Carolina Low Level Radioactive Waste Management Authority (enterprise fund) had a $2.7 million retained earnings deficit. The financial statements of the Authority have been prepared following the accounting principles which apply to developmental stage enterprises. The retained earnings deficit reflects losses sustained in the developmental stage, with recovery of these to occur from future operating revenues.

At June 30, 1990, the Educational Materials and School Buses Fund (internal service fund) within the Department of Public Instruction reported a retained earnings deficit of $1.5 million due to transfers out of $3.9 million to the General Fund. These transfers consist of a $3.5 million transfer mandated by the N.C. General Assembly and a $0.4 million transfer mandated by the Office of State Budget and Management.

NOTE 3: DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. FUND RECLASSIFICATIONS

The accounting and reporting treatment applied to funds is determined by their measurement focus. The Insured Student Loan Program was reclassified in 1990 from a nonexpendable trust fund to the university funds in order to reflect its operations and proper measurement focus.

The N.C. Housing Trust Fund, previously included with the N.C. Housing Finance Agency (enterprise fund), has been reclassified into the special revenue funds for the same reasons listed above.

The operations of the North Carolina Low Level Radioactive Waste Management Authority were reported (but not separately identified) within the general fund, capital projects funds and expendable trust funds in prior years. The 1989 balances of the Authority within the expendable trust and capital projects funds were reclassified in 1990 to the enterprise funds while beginning fund balance was restated in the 1990 general fund operating statement to remove the Authority's portion of the prior years' activity from the general fund. Beginning with 1990, the Authority will have its own discrete presentation within the enterprise funds.

"*Totals - Memorandum Only*" amounts for 1989 have been restated to conform to the 1990 presentation. The amounts of fund balances reclassified are disclosed in Note 3 C.

NOTES TO THE FINANCIAL STATEMENTS

B. ACCOUNT CAPTION RECLASSIFICATIONS

Account captions that reported Cash and Cash Equivalents and Investments in 1989 have been expanded in 1990 to distinguish between funds managed by the State Treasurer and those funds managed by individual agencies and institutions. Cash and Cash Equivalents, as well as Investments, now identify agency-managed funds, while Pooled Cash and Pooled Investments identify State Treasurer-managed funds. *"Totals - Memorandum Only"* balances for 1989 have been restated to conform to the 1990 presentation.

C. FUND EQUITY RESTATEMENT

Fund equity as of July 1, 1989 has been restated for certain accounting changes to conform to generally accepted accounting principles. Adjustments due to prior year accruals resulted from correcting errors in recognizing accruals of revenues and expenditures/expenses for the fiscal year ended June 30, 1989.

These changes, along with the fund reclassifications discussed in Note 3 A, have been reported in the accompanying financial statements by restating beginning fund equity.

The changes in fund equity at July 1, 1989 are (expressed in thousands):

	General	*Special Revenue*	*Capital Projects*	*Enterprise*	*Expendable Trust*	*Nonexpendable Trust*	*University*
Balances as previously reported at June 30, 1989	$253,569	$710,221	$183,741	$343,107	$1,779,657	$185,507	$3,132,565
Fund reclassifications	-	22,112	(246)	(20,866)	(1,000)	(116,411)	116,411
June 30, 1989 balances after reclassifications	253,569	732,333	183,495	322,241	1,778,657	69,096	3,248,976
Prior year adjustments and restatements	3,073	-	-	(3,650)	(28)	-	16,729
Balances as restated at July 1, 1989	$256,642	$732,333	$183,495	$318,591	$1,778,629	$ 69,096	$3,265,705

NOTES TO THE FINANCIAL STATEMENTS

D. RESERVED FUND BALANCES

The State's Reserved Fund Balances at June 30, 1990 are (expressed in thousands):

	Governmental Fund Types			Fiduciary Funds			
	General	*Special Revenue*	*Debt Service*	*Expendable Trust*	*Nonexpendable Trust*	*Pension Trust*	*Fiduciary Totals*
Inventories	$ 30,870	$ 6,287	$ -	$ 714	$ -	$ -	$ 714
Clean water projects	555	-	-	-	-	-	-
Energy conservation	52,708	-	-	-	-	-	-
War memorial	12	-	-	-	-	-	-
Library construction	14	-	-	-	-	-	-
Investments	8,381	-	-	-	-	-	-
Vacation, sick leave	-	51,088	-	-	-	-	-
Debt service	-	-	1,453	-	-	-	-
Building renovation	-	409	-	-	-	-	-
Public School Building Capital Needs	-	48,920	-	-	-	-	-
Critical School Facility Needs	-	33,086	-	-	-	-	-
Claims and benefits	-	-		1,910,666	-	-	1,910,666
Retirement systems	-	-	-	-	-	16,676,176	16,676,176
Loan programs	-	-	-	54,598	24,382	-	78,980
Refunds	-	-	-	10,770	-	-	10,770
Other reserves	2,663	12,950	-	16,001	50,820	-	66,821
Total Fund Balances Reserved	$95,203	$152,740	$1,453	$1,992,749	$75,202	$16,676,176	$18,744,127

University Funds	*Current*	*Fiduciary*	*Plant*	*Totals*
Loans	$ -	$ 211,085	$ -	$ 211,085
Endowments	-	241,018	-	241,018
Revenue bond retirement	-	-	42,676	42,676
Restricted funds	111,613	-	-	111,613
Total University Fund Balances Reserved	$111,613	$452,103	$42,676	$606,392

E. RECONCILIATION OF BUDGET/GAAP REPORTING DIFFERENCES

The accompanying *Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds* (Exhibit A-3) presents comparisons of the legally adopted budget (more fully described in Note 1 E) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resulting basis, perspective, entity and timing differences in the fund balances (budgetary basis) at June 30, 1990 to the fund balances on a modified accrual basis (GAAP) is presented (expressed in thousands):

NOTES TO THE FINANCIAL STATEMENTS

	General Fund	*All Special Revenue Funds*
Fund Balance (Budgetary Basis), June 30, 1990	**$ 222,242**	**$ 1,435,929**
Reconciling Adjustments:		
Accrued revenues	312,503	29,051
Accrued expenditures	(548,514)	(135,279)
Fund reclassifications	56,213	70,403
Authorized carryforward of appropriated funds	42,103	708
Highway Fund Contingent Assets	-	(734,468)
Reserved for Inventories	30,870	6,286
Other reserves	8,381	146,454
Fund Balance (GAAP Basis) June 30, 1990	**$ 123,798**	**$ 819,084**

Highway Fund Contingent Assets represent Federal aid allocations for contracts which may or may not have been let. The full amount of the allocations is recorded as revenue (budgetary basis) but amounts not yet earned are considered as Contingent Assets and deducted from revenue in the GAAP basis financial statements.

Because of declining revenues in the fourth quarter of the fiscal year, the State delayed disbursing its June 1990 payroll for most State employees until July 3, 1990. The State normally disburses the payroll on the last day of each month. As a result, the June 30, 1990 fund balance (budgetary basis) of the general fund is $180 million higher than it would have been had the payroll been disbursed as scheduled.

F. DEPOSITS AND INVESTMENTS

The State maintains a cash and investment pool, under the control of the State Treasurer, that is available for use by all agencies. These funds are pooled into a general account from which investments are made in a variety of instruments. The amounts shown on the combined balance sheet as Pooled Cash and Pooled Investments are the balances as recorded in the State Accounting System. The balances shown in the following sections as Demand and Time Deposits and Investments reflect the manner of investment of available funds in the State's central cash and investment pool, in order to disclose the collateralization and level of risk associated with those funds.

In addition to the cash and investment pool, other funds are directly controlled by the various state departments and institutions. These amounts are shown on the combined balance sheet as Cash and Cash Equivalents and as Investments.

Demand and Time Deposits

Deposits to the accounts of the State Treasurer may be made in any bank, savings and loan association or trust company in the State approved by the State Treasurer. Depositories are required, in accordance with the rules in 20 NCAC 7 (North Carolina Administrative Code), to collateralize all balances of the State Treasurer which are not insured. Basically, these rules require that the bank transfer to an escrow account established by the State Treasurer securities of a type enumerated in the rules in an amount whose market value is not less than the amount of the time deposits and the average balance of demand deposits for the preceding quarter less the allowable deposit insurance on the deposits. Generally, rules require the securities to be governmental in origin (e.g., U.S. Treasury and other U.S. agency obligations or State and Local obligations) or the highest grade commercial paper and bankers' acceptances. Financial institutions may elect to collateralize State deposits separately (*Option 1*) or to include the deposits of North Carolina local government units in the same collateral pool with the State (*Option 2*). Financial institutions report only quarterly on bank balances and amounts deposited in escrow as collateralization of deposits. The State maintains no records of financial institution balances of local governments collateralized in the pool with State deposits. Since the amounts of local government deposits in Option 2 banks are not known, the State's risk of being undercollateralized at any given time is increased. Therefore, the institution's financial condition may cause the State Treasurer to require a particular institution to utilize Option 1 exclusively for the protection of each public depositor.

At June 30, 1990 the deposits maintained by the State Treasurer consisted of (expressed in thousands):

	Carrying Value	*Bank Balance*
Demand	$ 49,916	$ 36,229
Time	328,536	328,536
Total Pooled Cash	$378,452	$364,765

NOTES TO THE FINANCIAL STATEMENTS

Eighty-one percent of the balances in financial institutions were deposited under Option 2. Because the institutions complied with the collateralization policies and procedures described above, the State considers all of its deposits to be either insured or covered by collateral held by the State's agent.

In addition to the State's pooled deposits maintained by the State Treasurer, other deposits are maintained by certain State agencies and institutions. As a general rule, these deposits are not covered by the rules in 20 NCAC 7 requiring collateralization of uninsured State deposits.

At June 30, 1990 the deposits maintained by the State's agencies and institutions consisted of (expressed in thousands):

	Carrying Value	*Bank Balance*
Demand	$ 38,138	$ 53,411
Time	450,069	452,189
Total Deposits	$488,207	$505,600

Of these bank balances, $420.624 million was covered by federal depository insurance or by collateral held by the State's agent in the State's name, $37.103 million was covered by collateral held in the pledging bank's trust department in the State's name and $47.873 million was uninsured and uncollateralized. In addition, the North Carolina Employment Security Commission had $1.503 billion on deposit with the U.S. Treasurer at June 30, 1990.

Investments

General Statutes 147-69.1(c) and 147-69.2 authorize the State Treasurer to invest in the following:

1. Obligations of or fully guaranteed by the United States and the obligations of certain federal agencies;
2. Repurchase agreements;
3. Obligations of the State of North Carolina;
4. Savings certificates issued by specified savings and loan associations;
5. Certificates of deposit issued by specified banks;
6. Shares of or deposits in specified savings and loan associations;
7. Prime quality commercial paper bearing specified ratings;
8. Bills of exchange or time drafts drawn on and accepted by specified commercial banks and eligible for use as collateral by member banks in borrowing from a Federal Reserve Bank;
9. General obligations of other states in the United States;
10. General obligations of cities, counties and special districts in North Carolina;
11. Asset-backed securities (whether considered debt or equity) bearing specific ratings;
12. Obligations of any company incorporated in the United States bearing specified ratings;
13. Notes secured by mortgages insured by the Federal Housing Administration or guaranteed by the Veterans Administration on real estate located within the State of North Carolina;
14. With respect to the Retirement Systems' assets, (a) certain specified preferred or common stocks issued by a company incorporated within the United States, and (b) real estate investments made indirectly through fiduciary arrangements;
15. Obligations or securities of the North Carolina Enterprise Corporation, or a limited partnership in which the North Carolina Enterprise Corporation is the only general partner, not to exceed $20 million;
16. A limited partnership interest in a partnership whose primary purpose is to invest in venture capital or corporate buyout transactions, not to exceed $30 million.

The State's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the State's name.

NOTES TO THE FINANCIAL STATEMENTS

Pooled investments maintained by the State Treasurer at June 30, 1990 are (expressed in thousands):

	Carrying Amount				
	Category			Total	Market
	1	2	3	Amount	Value
Investments Categorized:					
U.S. Government securities	$ 8,386,709	$ -	$ -	$ 8,386,709	$ 8,735,388
Corporate bonds and notes	5,481,729	-	-	5,481,729	5,301,382
Corporate common stock	3,713,690	-	-	3,713,690	4,906,777
Repurchase agreements	507,895	-	-	507,895	507,895
Commercial paper	42,856	-	-	42,856	42,856
Bankers' acceptances	6,997	-	-	6,997	6,997
International government bonds	513,698	-	-	513,698	545,469
Total Investments Categorized	$ 18,653,574	$ -	$ -	18,653,574	20,046,764
Investments Not Categorized:					
Certificates of deposit				328,536	328,536
Mutual funds				51,721	55,709
Equity common trusts				433,647	477,846
Venture capital investments				15,676	15,337
Real estate trust funds				205,301	203,874
Total Pooled Investments				$ 19,688,455	$ 21,128,066

The above certificates of deposit are a component of the deposit totals reported in the State Treasurer's deposit section of this note.

Investments. *Investments maintained by the various agencies and institutions* at June 30, 1990 (separate from those maintained by the State Treasurer, listed above) include the following (expressed in thousands):

	Carrying Amount				
	Category			Total	Market
	1	2	3	Amount	Value
Investments Categorized:					
U.S. Government securities	$ 1,303	$ 241,439	$ 10,210	$ 252,952	$ 253,999
State and municipal securities	300	475	-	775	812
Corporate bonds	842	76,043	1,970	78,855	79,035
Corporate common stock	7,945	76,122	966	85,033	202,556
Repurchase agreements	-	150	900	1,050	1,050
Commercial paper	-	6,000	16,602	22,602	22,602
Bankers' acceptances	-	2,944	-	2,944	2,944
Annuity contracts	128,118	-	-	128,118	128,118
Real estate	28,682	800	-	29,482	29,482
International corporate bonds	-	14,985	-	14,985	14,837
International government bonds	-	1,716	-	1,716	1,684
International equity securities	-	1,518	-	1,518	1,807
Total Investments Categorized	$ 167,190	$ 422,192	$ 30,648	620,030	738,926
Investments Not Categorized:					
Certificates of deposits				86,710	87,011
Investment agreements				154,532	154,532
Bank investment contracts				104,912	104,912
Money market funds				74,329	74,329
Mutual funds				221,174	232,128
Limited partnerships				18,731	21,782
Other Investments				7,335	7,333
Total Investments - Agencies				$1,287,753	$1,420,953

The above certificates of deposit, investment agreements and bank investment contracts are a component of the deposit totals reported in the deposits maintained by agencies section of this note.

NOTES TO THE FINANCIAL STATEMENTS

G. RECEIVABLES

Components of the State's receivables at June 30, 1990 are (expressed in thousands):

Funds	Accounts Receivable	Intergovernmental Receivables	Investment Earnings	Contributions and Premiums	Other	Totals
Governmental Funds:						
General	$ 106,924	$ 247,632	$ 8,527	$ -	$ -	$ 363,083
Special Revenue	19,153	57,217	5,592	-	2,182	84,144
Capital Projects	10	198	-	-	-	208
Total Governmental	126,087	305,047	14,119	-	2,182	**447,435**
Proprietary Funds:						
Enterprise	62,707	5,721	5,337	-	-	73,765
Internal Service	18,160	974	1,141	12,311	-	32,586
Total Proprietary	80,867	6,695	6,478	12,311	-	**106,351**
Fiduciary Funds:						
Expendable Trust	11,441	1,491	1,365	-	-	14,297
Nonexpendable Trust	-	-	704	-	-	704
Pension Trust	363	-	783	94,629	-	95,775
Agency	1,046	3,880	752	1,759	-	7,437
Total Fiduciary	12,850	5,371	3,604	96,388	-	**118,213**
University Funds:						
Current	71,566	14,210	5,594	-	-	91,370
Fiduciary	653	2,000	1,263	-	-	3,916
Plant	27	85	2,417	-	-	2,529
Total University	72,246	16,295	9,274	-	-	**97,815**
Total Receivables	**$ 292,050**	**$ 333,408**	**$ 33,475**	**$108,699**	**$ 2,182**	**$ 769,814**

H. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 1990 is presented below (expressed in thousands).

	Balance July 1, 1989	Prior Year Asset Adjustments	Fixed Asset Write-offs	Transfers Between Assets	Transfers Between Funds	Additions	Deletions	Balance June 30, 1990
Land	$ 169,159	$ 1,300	$ (751)	$ 1,396	$ -	$ 7,521	$(10,054)	**$ 168,571**
Buildings	704,934	5,860	(5,125)	64,111	-	11,857	(2,663)	**778,974**
Other structures	36,670	(501)	(539)	2,271	-	2,735	(6)	**40,630**
Machinery and equipment	629,787	103	(190,651)	9,484	(16)	75,208	(19,535)	**504,380**
Art, literature and other artifacts	30,366	(68)	(4,785)	-	-	530	(120)	**25,923**
Construction in progress	128,619	25,234	-	(77,262)	(756)	103,656	-	**179,491**
Total General Fixed Assets	**$1,699,535**	**$ 31,928**	**$(201,851)**	**$ -**	**$ (772)**	**$ 201,507**	**$(32,378)**	**$1,697,969**

On July 1, 1989, the State raised the minimum threshold at which fixed asset acquisitions are capitalized, from $500 to $5,000. Fixed assets acquired before that date with a cost or value of less than $5,000 have been removed from the financial statements. The write-offs of general fixed assets was $201,851,310 (in whole dollars).

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF PROPRIETARY FUNDS' AND UNIVERSITY FUNDS' FIXED ASSETS

A summary of proprietary funds' and university funds' fixed assets at June 30, 1990 is presented below (expressed in thousands).

	Proprietary Funds		University Funds	
	Enterprise	*Internal Service*	*Fiduciary*	*Plant*
Land	$ 12,354	$ 3,435	$ 268	$ 39,189
Buildings	153,297	19,148	-	1,363,477
Other structures and improvements	16,020	3,966	-	87,922
Machinery and equipment	128,534	106,385	4	591,106
Art, literature and artifacts	-	-	-	363,840
Construction in progress	38,269	8,341	-	338,014
Total Fixed Assets (Gross)	348,474	141,275	272	2,783,548
Less:				
Accumulated depreciation	136,694	53,360	-	-
Total Fixed Assets (Net)	$211,780	$ 87,915	$ 272	$2,783,548

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE

Employees earn vacation leave ranging from 0.98 to 2.15 days per month depending upon years of service. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is 30 days. At termination, employees are paid for any accumulated vacation leave. Employees earn sick leave at the rate of one day per month with an unlimited accumulation. Employees are not paid for accumulated sick leave upon termination; however, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement. The contingent liability for accumulated sick leave has not been recorded in the accounts of the various funds. See Note 1 M.

The liability for accumulated unpaid vacation leave at June 30, 1990 is (expressed in thousands):

Fund/ Account Group	*Prior Years*	*1990 Additions*	*Total Liability*
Enterprise funds	$ 6,577	$ 1,560	$ 8,137
Internal service funds	1,422	232	1,654
University funds	49,057	6,953	56,010
General long-term obligations account group	106,538	9,146	115,684
Total Vacation Leave Liability - All Funds and Account Groups	$163,594	$17,891	$181,485

K. CONSTRUCTION COMMITMENTS

At June 30, 1990, the State had commitments of approximately $514.1 million for construction of highway facilities. Future expenditures related to these commitments are expected to be financed from $282.4 million of Federal aid and $231.7 million from motor fuel taxes. Other commitments of the State include $97.8 million for construction and improvements of State government facilities and $91.3 million for construction contracts at universities. Future expenditures related to the State government facilities are expected to be financed from $.2 million in Federal aid, $1.4 million in revenues generated from various government services, $94.7 million in State appropriations and $1.5 million from other sources. Future expenditures related to the universities' commitments are expected to be financed from $49.6 million in bond and note proceeds, $.2 million in Federal aid, $13.0 million from university revenues, $28.4 million in State appropriations and $.1 million from other sources.

NOTES TO THE FINANCIAL STATEMENTS

L. LEASE OBLIGATIONS

The State has entered into various operating and capital leases for office space and for office, communications, computer and other equipment.

Future minimum lease commitments for noncancelable operating leases and capital leases as of June 30, 1990 are (expressed in thousands):

		Capital Leases				
Fiscal Year	Operating Leases	*Long-Term Obligations*	*Enterprise Funds*	*Internal Service Funds*	*University Funds*	*Total*
1991	$ 11,085	$ 756	$ 143	$ 2,494	$ 2,308	$ 5,701
1992	7,123	736	95	1,452	2,029	4,312
1993	5,197	665	-	1,331	1,368	3,364
1994	2,881	400	-	-	930	1,330
1995	1,428	237	-	-	486	723
Thereafter	1,089	-	-	-	-	-
Total Future Minimum Lease Payments	$ 28,803	2,794	238	5,277	7,121	15,430
Less: Amounts Representing Interest		453	15	448	1,012	1,928
Present Value of Future Minimum Lease Payments		$ 2,341	$ 223	$ 4,829	$ 6,109	$13,502

M. LONG-TERM OBLIGATIONS

Changes in Long-Term Liabilities

During the year ended June 30, 1990, the following changes occurred in liabilities reported in the general long-term obligations account group (expressed in thousands):

	Balance July 1, 1989	*Increases*	*Decreases*	*Balance June 30, 1990*
General Obligation Bonds:				
Serial Bonds:				
Capital Improvement, 12-1-71	$ 6,000	$ -	$ 4,000	$ 2,000
Public School Facility, Series A, 12-1-74	19,000	-	3,000	16,000
Clean Water, Series A, 12-1-74	10,500	-	1,500	9,000
Public School Facility, Series C, 6-1-76	27,000	-	4,000	23,000
Clean Water, Series C, 6-1-76	13,000	-	2,000	11,000
Public Improvement, 12-1-76	38,000	-	5,000	33,000
Public Improvement, 6-1-77	26,000	-	4,000	22,000
Public Improvement, 11-1-78	33,000	-	2,000	31,000
Public Improvement Series 1979, 11-1-79	40,000	-	3,000	37,000
Public Improvement Refunding, Series 1986, 7-1-86	183,700	-	13,180	170,520
Clean Water, Series 1987, 6-1-87	41,000	-	2,500	38,500
Capital Improvement, Series 1989, 5-1-89	6,530	-	1,480	5,050
Highway Refunding Series 1986, 7-1-86	202,730	-	26,765	175,965
Total Serial Bonds	646,460	-	72,425	574,035
Capital Appreciation Bonds:				
Capital Improvement 1989, 5-1-89	13,969	-	-	13,969
Total Capital Appreciation Bonds	13,969	-	-	13,969
Total General Obligation Bonds	660,429	-	72,425	588,004

NOTES TO THE FINANCIAL STATEMENTS

Changes in Long-Term Liabilities (continued)

	Balance July 1, 1989	Increases	Decreases	Balance June 30, 1990
Revenue Bonds:				
Alcoholic Beverage Control Commission	2,800	-	650	2,150
Total Revenue Bonds	2,800	-	650	2,150
Total Bonds Payable	663,229	-	73,075	590,154
Other Long-Term Obligations:				
Long-term payables	23,048	6,051	4,707	24,392
Capital leases payable	1,794	1,128	581	2,341
Accrued vacation leave	106,538	9,146	-	115,684
Total General Long-Term Obligations	$ 794,609	$16,325	$ 78,363	$ 732,571

Long-Term Obligations - Other Funds

Long-Term Obligations of other funds at June 30, 1990 are (expressed in thousands):

	Enterprise Funds	Internal Service Funds	University Funds
Revenue bonds payable (net of discount)	$ 915,504	$ -	$ 301,763
Capital leases payable	93	2,589	6,109
Other obligations:			
Notes payable	342	-	47,521
Claims payable	3,316	-	-
Obligations for worker's compensation	32	-	-
Interfund payables	12,186	-	-
Total Long-Term Obligations - Other Funds	$ 931,473	$ 2,589	$ 355,393

The full faith, credit, and taxing power of the State has been pledged only for the payment of the principal of and the interest on the General Obligation Serial Bonds and Capital Appreciation Bonds. Other long-term debts of the State are payable solely from certain resources of the funds to which they relate.

Demand Bonds

Included in university revenue bonds are two variable rate demand bond issues, Dormitory System 1985 and Kenan Stadium 1988, at UNC-Chapel Hill, which total $11,800,000 (in whole dollars) and mature in 2010 and 2007, respectively. The bonds are special limited obligations of the University payable solely from the revenues pledged for the payment thereof. The proceeds of the bonds were used for (a) the acquisition and construction of a residential dormitory facility ($6,800,000) and (b) certain additions and renovations to Kenan Memorial Stadium ($5,000,000).

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's remarketing agent.

Under irrevocable letters of credit issued by Wachovia Bank and Trust Company, N.A., the trustee is entitled to draw amounts sufficient to pay principal and interest on the bonds and the remarketing agent is entitled to draw amounts sufficient to pay the purchase price and the accrued interest on the bonds delivered to it for purchase. In the event that the bonds cannot be remarketed, these letters of credit will provide necessary financing. The letters of credit are valid through September 6, 1993 and November 15, 1994, respectively.

The University has entered into reimbursement agreements with Wachovia Bank in which it agreed to repay all amounts that are drawn under the letters of credit, which

NOTES TO THE FINANCIAL STATEMENTS

carry variable interest rates. The University is required to pay an annual commitment fee for the letter of credit on the Dormitory bonds of .625 of 1% on the outstanding principal amount of the bonds, plus an amount equal to the accrued interest thereon at an assumed rate of 12% per annum for 124 days. The University is required to pay an annual commitment fee for the letter of credit on the Kenan Stadium bonds of .62 of 1% of the stated amount of the line of credit in effect.

Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on the General Obligation Bonds and Revenue Bonds outstanding at June 30, 1990 (expressed in thousands). Current and long-term principal requirements are disclosed for the enterprise funds.

Fiscal Year	*General Long-term Obligations Account Group*	*Enterprise*	*Univ.*
1991	$ 106,692	$ 102,901	$ 26,172
1992	105,023	104,457	26,730
1993	101,602	105,753	34,157
1994	97,777	105,594	28,826
1995	85,370	104,992	28,651
1996-2000	238,391	511,467	138,027
2001-2005	12,223	509,796	129,214
2006-2010	7,650	487,124	103,752
2011-2015	-	444,782	30,637
2016-2020	-	349,762	750
2021-2025	-	293,990	-
2026-2030	-	148,848	-
2031-2035	-	14,735	-
Total Requirements	754,728	3,284,201	546,916
Less:			
Unamortized Discount	-	-	(2,625)
Interest Requirements	(164,574)	(2,348,272)	(242,528)
Total Principal Requirements	$590,154	$ 935,929	$301,763
Current portion		20,425	
Long-term portion		915,504	

The N.C Housing Finance Agency comprises the major portion of the enterprise fund annual requirements listed in the schedule above. The following schedule summarizes debt service requirements of the N.C. Housing Finance Agency (expressed in thousands).

Fiscal Years	*Principal*	*Interest*	*Total*
1991 - 2035	$ 927,799	$ 2,345,740	$ 3,273,539

Bond Defeasances

State of North Carolina. On July 8, 1986, the State of North Carolina issued $210 million in Public Improvement Advance Refunding Bonds and $250 million in Highway Fund Advance Refunding Bonds for the purpose of refunding certain bonds (listed below) issued in previous years. Proceeds are held by escrow agents in a sum sufficient to retire the refunded bonds. As a result the refunded bonds were considered to be defeased in the year ended June 30, 1987 and the liability for those bonds was removed from the General Long-Term Obligations Account Group in that year.

The following schedule shows the activity of the defeased bonds for the past year (expressed in thousands).

	Balance June 30, 1989	*Obligations Matured*	*Balance June 30, 1990*
Public School Facility, Series B, 12-1-75	$ 48,000	$ 6,000	$ 42,000
Clean Water:			
Series B, 12-1-75	8,000	1,000	7,000
Series C, 7-1-81	32,000	1,000	31,000
Series D, 5-1-82	15,000	1,000	14,000
Series 1983, 5-1-83	72,000	3,000	69,000
Highway, 5-1-78	32,500	4,000	28,500
Highway, 7-1-79	33,500	4,000	29,500
Highway, 12-1-80	37,500	37,500	-
Highway, 7-1-81	34,500	4,000	30,500
Highway, 5-1-82	56,000	8,000	48,000
Total	$ 369,000	$ 69,500	$ 299,500

North Carolina A & T University. On February 2, 1989, North Carolina A & T University issued $1,975,000 in Stadium System Student Fee Revenue Refunding bonds with an average interest rate of 7.25 percent to advance refund $1,715,000 of outstanding Stadium System Student Fee Revenue Bonds, Series A, with an average interest rate of 11.13 percent. The proceeds are in an irrevocable trust with an escrow agent in an amount sufficient to retire the refunded bonds. As a result the refunded bonds were considered to be defeased in the year ended June 30, 1989,

and the liability for those bonds was removed from the balance sheet in that year.

At June 30, 1990, the outstanding balance of the defeased bonds was $1,690,000.

University of North Carolina at Chapel Hill. On June 13, 1990, the University of North Carolina at Chapel Hill defeased $665,000 of outstanding University Enterprises (Carolina Inn) Revenue Bonds, Series 1968. Sinking fund monies in the amount of $314,947 and $274,430 from the unrestricted proprietary fund were used to purchase U.S. Government securities. The securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. For financial reporting purposes, the trust account assets and the liability for the defeased bonds are not included in the balance sheet.

At June 30, 1990, the outstanding balance of the defeased bonds was $665,000.

North Carolina State University. On February 27, 1990, North Carolina State University issued $2,995,000 in Dining Hall System Revenue Refunding Bonds, Series 1990, with an average interest rate of 6.73% to advance refund $2,865,000 of outstanding Dining Hall System Revenue Bonds of 1980, Series A, with an average interest rate of 9.86%.

The net proceeds of $2,889,406 (after discount of $29,927 and issuance costs of $75,667) plus an additional $214,594 of sinking fund monies were used to purchase U.S. Government securities. The purchased securities, along with $44,697 of U. S. Government securities transferred from the sinking fund, were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. For financial reporting purposes, the trust account assets and the liability for the defeased bonds are not included in the balance sheet.

The University reduced its total debt service requirements by $1,014,000 over the next 22 years and obtained an economic gain of $494,000.

At June 30, 1990, the outstanding balance of the defeased bonds was $2,820,000.

Bond Redemptions/Extraordinary Losses

Provisions of bond series resolutions for the North Carolina Housing Finance Agency provide for various methods of redemption. Bonds will be redeemed at par from prepayments of mortgage loans securing the issues or from unexpended bond proceeds of the issues along with the related decreases in the respective debt service reserve requirements. In addition, various bond issues are redeemable at the option of the Agency at premiums ranging up to 10% during periods from ten to sixteen years after the date of issuance. All term bonds require mandatory sinking fund payments for their redemption.

The Agency called certain issues for redemption at par on January 1, 1990 and July 1, 1990. Funds from prepayments of mortgage loans equalling the full amount of the redemptions, $28.957 million, were placed in segregated trust accounts on December 31, 1989 and June 30, 1990, respectively. Losses on the redemptions of $551,000 are recorded as extraordinary items in the financial statements, representing the unamortized deferred bond issuance costs of the bonds redeemed.

N. RISK MANAGEMENT

The State self-insures for these types of risk:

1. *Fire and other property losses* are paid from the State Property Fire Insurance Fund (internal service fund) which is financed by premiums charged to the participating funds of the State. Private insurance companies provide reinsurance coverage so that the fund may sustain aggregate uninsured extended coverage losses of no more than $2 million in any one policy year and aggregate uninsured fire and other property losses of no more than $5 million in any one policy year.

2. *Automobile liability insurance* is provided for the State by a private insurance company; however, the State self-insures the first $250,000 of any loss. State agencies are charged premiums to cover the cost of the insurance and to pay for those losses falling under the self-insured retention.

3. *Public officers' and employees' liability insurance* is provided for all employees of the State by a private insurance company. The policy provides $900,000 excess insurance over the $100,000 statutory limit payable for any one claim under the Tort Claims Act. The excess insurance is purchased with premiums paid by the State agencies.

4. *Health care benefits* are provided to the State's full-time employees and retirees by the Teachers' and State Employees' Comprehensive Major Medical Plan (internal

service fund). The program is funded through employer and employee contributions. A board of trustees appointed by the Governor, the Lieutenant Governor and Speaker of the House provides advisory assistance on policy issues to the Executive Administrator, who is appointed by the Commissioner of Insurance after conferring with the Legislative Committee. Benefits are prescribed by law (G.S. 135-40) and the program is administered and overseen by the Executive Administrator. Maintenance of membership and claim processing are handled by an independent claims contractor for the self-funded plan. Health Maintenance Organization (HMO) plans have also been made available through contractual agreements.

5. *Group life insurance benefits* are provided to the State's teachers and employees who are members of the Teachers' and State Employees' Retirement System by the North Carolina Teachers' and State Employees' Benefit Trust (internal service fund). Benefits are subject to a minimum of $25,000 and a maximum of $50,000. The program is funded through employer contributions based on a percentage of their payrolls as determined by an actuary on a one-year term cost basis. For fiscal year 1989-90 the State contributed $11.5 million to the Benefit Trust for group life insurance benefits.

6. *Medical malpractice protection* is provided by the University of North Carolina (UNC) Liability Insurance Trust Fund (University-fiduciary fund) for participant entities and individual health care practitioners working as employees, agents or officers of UNC Hospitals and the University of North Carolina at Chapel Hill School of Medicine. The program is funded through participant contributions, and is administered by the Liability Insurance Trust Fund Council. This council is comprised of ex-officio members defined by statute and others appointed by the UNC Board of Governors.

7. For *workers' compensation and unemployment compensation claims*, the State is generally self-insured and funds such liabilities on a pay-as-you-go basis.

O. RESIDUAL EQUITY TRANSFERS

During the 1989-90 fiscal year the following equity transfers were made between the various fund types (expressed in thousands):

	Equity Transfers In (Out)							
	General	*Special Revenue*	*Capital Projects*	*Enterprise*	*Internal Service*	*Expendable Trust*	*Nonexpendable Trust*	*University*
Capital for fixed asset acquisition/construction	$ (2,844)	$ (243)	$ (247)	$ 2,844	$ 490	$ -	$ -	$ -
Transfer of warehouse operations	(118)	-	-	118	-	-	-	-
Carryforward of 1990 receipts	(108)	-	-	-	108	-	-	-
Return of contributed capital	1,804	-	-	-	(1,804)	-	-	-
Required reversion	8,850	-	-	-	(3,900)	(1,350)	(3,600)	-
Reversion of capital improvement funds	34,307	(4,905)	(7,181)	(2,845)	-	-	-	(19,376)
Total Transfers	$41,891	$(5,148)	$(7,428)	$ 117	$(5,106)	$(1,350)	$(3,600)	$(19,376)
Equity Transfers consist of:								
Residual Equity Transfers:								
Transfers In	$44,961	$ -	$ -	$ 118	$ -	$ -	$ -	$ -
Transfers Out	(3,070)	(5,148)	(7,428)	(1)	(3,900)	(1,350)	(3,600)	(19,376)
Changes in Contributed Capital:								
Increases	-	-	-	2,844	-	-	-	-
Decreases	-	-	-	(2,844)	(1,206)	-	-	-
Total	$41,891	$(5,148)	$(7,428)	$ 117	$(5,106)	$(1,350)	$(3,600)	$(19,376)

The changes in contributed capital listed above are only those associated with Residual Equity Transfers.

NOTES TO THE FINANCIAL STATEMENTS

Note 4: PENSION PLANS

The State administers six defined benefit public employee retirement systems (PERS) which are included in the State's financial statements as pension trust funds.

A. DESCRIPTION OF PLANS

1. TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of the State and local governments. Membership is comprised of employees of State agencies and institutions, teachers and employees of the local boards of education, university and community college faculty and employees, and state-employed law enforcement officers. At December 31, 1989, the number of participating local government employers was 202, as shown below:

Local Boards of Education	134
Community Colleges	58
Miscellaneous Units	10

The plan provides retirement benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Employees who retire on or after age 65 and complete 5 years of membership service (age 55 and 5 years of creditable service for law enforcement officers), reach age 60 with 25 years of membership service, or complete 30 years of creditable service receive a retirement allowance of 1.63% of an average final compensation (based on the 4 consecutive years that produce the highest average) multiplied by the number of years of creditable service. Employees may retire with reduced retirement benefits if they reach age 50 with 20 years of creditable service or reach age 60 with 5 years of creditable service (age 50 with 15 years creditable service for law enforcement officers). The system is funded by a member contribution of 6% of compensation and by an employer contribution of 9.35% of covered payroll for the year ended December 31, 1989, in addition to investment income. Benefit and contribution provisions are established by G.S. 135-5 and 135-8 and may be amended only by the North Carolina General Assembly.

2. CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of the State Judicial System. Membership is comprised of judges, district attorneys and clerks of court. The system was created on January 1, 1985, by the merger of the former Uniform Judicial Retirement System, Uniform Solicitorial Retirement System, and the Uniform Clerks of Court Retirement System.

The plan provides retirement, disability and death benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Members who retire on or after age 65 and have completed 5 or more years of creditable service or have completed 24 years of creditable service regardless of age receive a retirement allowance of the rate specified below of final compensation multiplied by the number of years of creditable service (to a maximum of 75% of the member's final compensation). The rates for this computation are:

4.0% -	Justice of the Supreme Court; Judge of the Court of Appeals
3.5% -	Judge of the Superior Court; Administrative Officer of the Courts
3.0% -	Judge of the District Court; District Attorney; Clerk of the Superior Court

Members may retire with reduced benefits after they reach age 50 and have 5 or more years of creditable service. The system is funded by a member contribution of 6% of compensation and an employer contribution of 29.71% of covered payroll for the year ended December 31, 1989, in addition to investment income. Benefit and contribution provisions are established by G.S. 135-57, 135-58, 135-68 and 135-69 and may be amended only by the North Carolina General Assembly.

3. LEGISLATIVE RETIREMENT SYSTEM

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for members of the General Assembly. The system came into existence on February 6, 1985.

This plan provides retirement and disability benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Members who have attained 65

years of age and have five or more years of creditable service are eligible to receive a retirement allowance of 4% of highest compensation multiplied by the number of years of creditable service (to a maximum of 75% of the member's highest compensation). Members may retire with reduced benefits at age 60 with 5 or more years of creditable service. The benefit will not be payable while the member is employed in a position making him eligible to participate in either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employees' Retirement System. The system is funded by a member contribution of 7% of compensation and an employer contribution of 35.76% of covered payroll for the period January 1, 1989 to August 31, 1989, and 37.20% for the period September 1, 1989 to December 31, 1989, in addition to investment income. Benefit and contribution provisions are established by G.S. 120-4.21, 120-4.19 and 120-4.20 and may be amended only by the North Carolina General Assembly.

OTHER STATE ADMINISTERED SYSTEMS

The State also administers the following pension and retirement systems for persons who are not considered employees of the State.

4. FIREMEN AND RESCUE SQUAD WORKERS' PENSION FUND

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for employees of local governments and special districts. Membership is comprised of both volunteer and locally employed firemen and emergency medical personnel who elect membership. At June 30, 1989, there were 1,404 participating fire and rescue units. The State is a nonemployer contributor to the plan.

The plan provides retirement benefits. Members who retire on or after age 55 and have credit for 20 years of service as a fireman or rescue squad worker and have paid the maximum $1,200 in contributions receive $100 a month. The plan is funded by a $5 monthly contribution by the member, investment income and a state appropriation. Benefit and contribution provisions are established by G.S. 118-18 and may be amended only by the North Carolina General Assembly.

5. NATIONAL GUARD PENSION FUND

This plan is a single-employer public employee retirement system (PERS) established and administered by the State of North Carolina to provide pension benefits for members of the North Carolina National Guard. Membership is established at age 60 for former members of the North Carolina National Guard who have 20 or more years active duty with the National Guard. The State is a nonemployer contributor to the plan.

Benefits are $50 per month for the first 20 years of service and $5 per month for each additional year of service to a maximum of $100 per month. The plan is funded by state appropriation and investment income. Benefit and contribution provisions are established by G.S. 127(a)-40 and may be amended only by the North Carolina General Assembly.

6. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing multiple-employer public employee retirement system (PERS) established and administered by the State of North Carolina for employees of local governments. Membership is comprised of general employees and local law enforcement officers of participating local governmental entities.

At December 31, 1989, the number of participating local governments was 729, as shown below:

Cities	327
Counties	99
Special Districts	303

The plan provides retirement and disability benefits identical to the benefits that accrue to members of the Teachers' and State Employees' Retirement System (vesting and eligibility requirements are also the same). The system is funded by employee contributions of 6% and employer contributions at varying rates by the participating local governments. Employers contribute 5.10% of covered payroll for law enforcement officers and 4.63% for general employees and firemen for normal costs and various rates, which are established when the governments initially enter the system, for past service costs. The State's responsibility is administrative only. Benefit and contribution provisions are established by G.S. 128-27 and 128-30 and may be amended only by the North Carolina General Assembly.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PENSION PLANS (Continued)

The following table summarizes membership and covered payroll information by plan at the actuarial valuation date (dollar amounts expressed in thousands):

	Teachers' and State Employees'	*Judicial*	*Legislative*	*Firemen, Rescue*	*National Guard*	*Local Government*
Employee Groups						
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	66,319	258	113	5,125	2,812	16,314
Active members:						
Vested	126,096	272	67	-	4,228	41,858
Nonvested	147,030	158	115	22,681	3,808	52,452
Employer						
Actual Current-year covered payroll	$5,050,695	$24,897	$1,884	N/A	N/A	$1,635,316
Date of Valuation	12-31-89	12-31-89	12-31-89	6-30-89	12-31-89	12-31-89

Substantially all State employees are covered by either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or the Legislative Retirement System. The State's total current-year payroll, therefore, is substantially the same as its current-year covered payroll for each of these three retirement systems.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Carolina reporting entity and are included in the State's financial reports as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

METHOD USED TO VALUE INVESTMENTS

The investments for the retirement systems are in pools (Long-Term Investment Pool, Equity Investment Pool and Real Estate Investment Pool) managed by the State Treasurer. The Long-Term Investment Pool invests in long-term debt securities, the Equity Investment Pool invests in stock and the Real Estate Investment Pool invests in real estate trusts administered by third party professionals.

Equity securities in the pool are reported at cost subject to adjustment for market declines judged to be other than temporary. Fixed-income securities in the pool are reported at amortized cost with discounts or premiums amortized using the scientific method, subject to adjustment for market declines judged to be other than temporary. Investment income is recognized as earned. Gains and losses on exchanges of fixed-income securities are deferred and amortized over the terms of the reinvested securities. Gains or losses on other investments are recognized when they occur. During the fiscal year, there were no securities of the employers or related parties included in the assets of the pension trust funds.

NOTES TO THE FINANCIAL STATEMENTS

The following schedule shows the amounts invested by the retirement systems in each pool and the approximate market value of those investments as of December 31, 1989 (expressed in thousands).

	Investments in Retirement Systems				
System	*Long-Term Investment Pool*	*Equity Investment Pool*	*Real Estate Investment Pool*	*Total Invested*	*Approximate Market Value*
Teachers' and State Employees'	$ 9,093,088	$3,373,152	$165,474	$12,631,714	$14,081,911
Consolidated Judicial	62,626	24,112	1,131	87,869	97,612
Legislative	3,366	1,256	48	4,670	5,116
Firemen and Rescue Squad Workers'	50,725	18,317	917	69,959	78,336
North Carolina National Guard	4,730	1,759	80	6,569	7,343
Local Governmental Employees'	2,002,112	765,355	36,451	2,803,918	3,131,400
Total Investments	**$11,216,647**	**$4,183,951**	**$204,101**	**$15,604,699**	**$17,401,718**
Approximate Market Value	**$11,808,751**	**$5,386,836**	**$206,131**	**$17,401,718**	

C. FUNDING STATUS AND PROGRESS

The amount shown below in each retirement system as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the **actuarial present value of credited projected benefits** and is intended to help users assess Statewide PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS. The actuarial present value of credited projected benefits measure is independent of and not directly related to the actuarial funding methods used to determine actual contributions to the systems.

The pension benefit obligation of each retirement system was determined as part of an independent actuarial valuation. The significant methods, assumptions, and results of the latest actuarial valuations, which are presented in the following schedules, were adjusted by the actuary to reflect changes which occurred within the systems during the year. Dollar amounts are expressed in thousands.

	Teachers' and State Employees'	*Judicial*	*Legislative*	*Firemen, Rescue*	*National Guard*	*Local Government*
Actuarial Assumptions						
Membership:						
Retired	66,319	258	113	5,125	2,812	16,314
Active:						
Vested	126,096	272	67	-	4,228	41,858
Nonvested	147,030	158	115	22,681	3,808	52,452
Date of valuation	12-31-89	12-31-89	12-31-89	6-30-89	12-31-89	12-31-89
Rate of return on investment of assets	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increase	Average of 7.5%	Average of 7.5%	Average of 7.5%	N/A	N/A	Average of 7.5%
Postretirement benefit increases	3.5%	3.5%	3.5%	N/A	N/A	3.5%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PENSION PLANS (Continued)

	Teachers' and State Employees'	*Judicial*	*Legislative*	*Firemen, Rescue*	*National Guard*	*Local Government*
Pension Benefit Obligations						
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 5,079,204	$ 49,406	$2,450	$49,718	$14,310	$ 1,046,009
Active members:						
Accumulated employee contributions	2,826,576	12,404	815	11,097	N/A	695,341
Employer-financed:						
Vested	1,622,608	20,667	3,169	-	6,346	183,596
Nonvested	3,474,277	33,462	331	24,973	4,368	716,972
Total Pension Benefit Obligation	**13,002,665**	**115,939**	**6,765**	**85,788**	**25,024**	**2,641,918**
Net assets available for benefits, at cost	12,761,635	90,372	4,976	67,158	9,594	2,849,018
Unfunded (Assets in Excess of) Pension Benefit Obligation	**$ 241,030**	**$ 25,567**	**$1,789**	**$18,630**	**$15,430**	**$ (207,100)**
Market value of net assets available for benefits (at valuation date)	$14,211,832	$ 100,115	$5,422	$72,975	$ 10,368	$3,176,500

The net assets available for benefits of each retirement system are comprised of an Annuity Savings Fund and a Pension Accumulation Fund. The Annuity Savings Fund is the fund to which are credited contributions made by members together with interest thereon. When a member retires, the amount of his/her accumulated contributions is transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The Pension Accumulation Fund is the fund to which the contributions made by employers are credited and from which are paid all benefits on account of beneficiaries and their dependents.

The following table presents the asset balances of the Annuity Savings Fund and the Pension Accumulation Fund for each plan (expressed in thousands).

	Teachers' and State Employees'	*Judicial*	*Legislative*	*Firemen, Rescue*	*National Guard*	*Local Government*
Annuity Savings Fund	$ 2,826,576	$12,404	$ 1,013	$11,097	$ -	$ 695,341
Pension Accumulation Fund	9,935,059	77,968	3,963	56,061	9,594	2,153,677
Net assets available for benefits, at cost	$12,761,635	$90,372	$4,976	$67,158	$9,594	$2,849,018

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The funding policy of these public employee retirement systems provides for periodic employer and non-employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The actuarially determined contribution rates below represent minimum future funding requirements as of the valuation date. The actual contributions made and related percentages were based on prior actuarial valuations. The State's portion of the actuarially determined contribution requirement for the Firemen and Rescue Squad Workers' Pension Fund was 100% of the total current-year actuarially

NOTES TO THE FINANCIAL STATEMENTS

determined contribution requirements. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligations discussed in Paragraph C. Dollar amounts are expressed in thousands.

	Teachers' and State Employees'		Consolidated Judicial		Firemen and Rescue Squad Workers'
	1-1-89 to 8-31-89	*9-1-89 to 12-31-89*	*1-1-89 to 8-31-89*	*9-1-89 to 12-31-89*	*7-1-88 to 6-30-89*
Recommended Employer Contribution Rates					
Normal	4.60%	4.73%	16.47%	15.87%	$1,850
Unfunded actuarial accrued liability	4.75%	4.62%	12.68%	13.28%	3,835
Death benefit	-	-	0.56%	0.56%	-
Total	9.35%	9.35%	29.71%	29.71%	$5,685
Unfunded actuarial accrued liability liquidation period	12 years		15 years		12 years
Valuation method [*]	[1]		[4]		[3]
Actual Contributions Made	*Employer*	*Employees*	*Employer*	*Employees*	*State*	*Employees*
Amount	$ 472,204	$ 303,042	$ 7,397	$ 1,494	$ 5,685	$ 1,241
Percentages of covered payroll	9.35%	6.00%	29.71%	6.00%	N/A	N/A
Period covered	1-1-89 to 12-31-89		1-1-89 to 12-31-89		7-1-88 to 6-30-89	

	Legislative		National Guard		Local Governmental Employees'	
	1-1-89 to 8-31-89	*9-1-89 to 12-31-89*	*1-1-89 to 6-30-89*	*7-1-89 to 12-31-89*	*1-1-89 to 6-30-89*	*7-1-89 to 12-31-89*
Recommended Employer Contributions/Rates						
Normal	15.23%	11.18%	$ 148	$ 148	4.63% or 5.10%	4.63% or 5.10%
Unfunded actuarial accrued liability	20.53%	26.02%	845	865	0% to 13.89%	0% to 17.05%
	-	-	-	-		
Total	35.76%	37.20%	$ 993	$ 1,013	4.63% to 18.99%	4.63% to 22.15%
Unfunded actuarial accrued liability liquidation period	4 years		15 years		0 to 24 years	
Valuation method [*]	[5]		[3]		[2]	
Actual Contributions Made	*Employer*	*Employees*	*State*	*Employees*	*Employer*	*Employees*
Amount	$ 449	$ 88	$ 1,104	$ -	$ 93,762	$ 98,119
Percentages of covered payroll	35.76%	7.00%	N/A	N/A	5.73%	6.00%
Period covered	1-1-89 to 8-31-89		1-1-89 to 6-30-89		1-1-89 to 12-31-89	
Amount	$ 234	$ 44	$ 1,105	$ -		
Percentages of covered payroll	37.20%	7.00%	N/A	N/A		
Period covered	9-1-89 to 12-31-89		7-1-89 to 12-31-89			

[*] Legend of Valuation Methods:

1. Projected benefit method with aggregate level normal cost and open-end accrued liability. Gains and losses are reflected in the accrued liability.
2. Projected benefit method with aggregate level normal cost and frozen accrued liability. Gains and losses are reflected in the normal rate.
3. Projected benefit method with level average entry age normal cost and open-end accrued liability. Gains and losses are reflected in the unfunded accrued liability.
4. The liabilities are based on the projected benefit method; however, the contribution rates were determined on the basis of the accrued benefit method with projection. One year term cost for lump sum death benefits.
5. Projected unit credit cost method with unfunded accrued liability.

NOTES TO THE FINANCIAL STATEMENTS

E. TREND INFORMATION

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. GASB Statement No. 5 requires three-year trend information using the standardized measure of the pension obligation. Public employee retirement systems must also present ten-year trend data on specified fund information. This information is disclosed in the Required Supplementary Information section following these Notes to the Financial Statements.

In accordance with GASB Statement No. 5, employers contributing to public employee retirement systems must present the following trend information:

Net Assets (based upon cost) Available For Benefits, expressed as percent-ages of the pension benefit obligation applicable to the entities' employees. Analysis of this percentage over time indicates whether the retirement system is becoming financially stronger or weaker.

Unfunded Pension Benefit Obligation, expressed as percentages of annual covered payroll. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes.

Employer Contributions expressed as percentages of annual covered payroll. For the State sponsored plans included in this report, these contributions were made in accordance with actuarially determined requirements.

The following table presents the required information.

Retirement System	Calendar Year	Net Assets Available for Benefits as a Percentage of Pension Obligation	Unfunded (Assets in Excess of) Pension Benefit Obligation as a Percentage of Covered Payroll	Employer Contributions as a Percentage of Actual Covered Payroll	
Teachers' and State Employees'	1989	98.15%	4.91%	9.35%	
	1988	98.04%	5.01%	9.35%	
	1987	97.34%	6.61%	10.03%	
Consolidated Judicial	1989	77.95%	103.56%	29.71%	
	1988	78.10%	100.25%	29.71%	
	1987	77.22%	98.87%	29.71%	
Legislative	1989	73.56%	94.91%	35.76%	1-1-89 to 8-31-89
				37.20%	9-1-89 to 12-31-89
	1988	63.29%	113.15%	35.76%	
	1987	[1]	[1]	35.76%	
Firemen and Rescue [2]	1989	78.32%	N/A	N/A	
	1988	73.40%	N/A	N/A	
	1987	69.22%	N/A	N/A	
National Guard	1989	38.34%	N/A	N/A	
	1988	32.94%	N/A	N/A	
	1987	27.22%	N/A	N/A	
Local Government	1989	107.84%	(13.12%)	5.73%	
	1988	108.24%	(13.50%)	6.05%	
	1987	106.44%	(10.52%)	6.26%	

Contributions were made in accordance with actuarially determined contribution requirements.

[1] - Information not available

[2] - Fiscal year ended June 30

NOTES TO THE FINANCIAL STATEMENTS

F. OPTIONAL RETIREMENT PLAN

The Optional Retirement Program (Program) is a defined contribution retirement plan which provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Administrators and eligible faculty in State universities may join the Program instead of the Teachers' and State Employees' Retirement System.

The Program is administered by the privately-operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA/CREF). Participants' eligibility and contributory requirements are established in G.S. 135-5.1. Participants contributed 6% of their salary for the fiscal year ended June 30, 1990, and the university contributed 6.10% for the period July 1, 1989 to August 31, 1989 and 6.20% for the period September 1, 1989 to June 30, 1990. The State assumes no liability other than the universities' contributions. The State contributed $16,243,110 for the 1989-90 fiscal year. Employee contributions expressed as a percentage of annual covered payroll was 6.0%, with an actual employee contribution of $15,760,630 for the 1989-90 fiscal year. Annual covered payroll was $262,677,173 for the 1989-90 fiscal year. Employer contributions expressed as a percentage of annual covered payroll was 6.10% for the period July 1, 1989 to August 31, 1989 and 6.20% for the period September 1, 1989 to June 30, 1990.

Participants are vested after five years of service, but the administrator must return the value of the participant's and State's contributions to both the participant and the State if termination occurs prior to five years of service. The participant chooses his/her investment in the TIAA or the CREF or both. The TIAA invests primarily in bonds and mortgages and provides a fixed retirement income, while the CREF invests in diversified common stock with the basis of the retirement income fluctuating with market values.

G. DEFERRED COMPENSATION AND SUPPLEMENTAL RETIREMENT INCOME PLANS

IRC Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits each participating employee to defer a portion of his or her salary until future years. The deferred compensation is available to employees upon separation from service, death, disability, retirement or due to financial hardships if approved by the Board of Trustees of the plan. The benefits distributed to employees were exempt from all state income taxes in North Carolina through December 31, 1988. Benefits distributed to employees on or after January 1, 1989 are subject to state income taxes in North Carolina. Employee contributions totaled $19,070,525 and 9,507 employees contributed to the plan during the calendar year ended December 31, 1989. All costs of administering and funding the plan are the responsibility of the plan participants. All amounts ($181.9 million at December 31, 1989 - audited), property and rights derived from deferred compensation and income earned on the deferred compensation are, until paid or made available to the employee or other beneficiary, solely the property and rights of the State of North Carolina, subject only to the claims of the State's general creditors. The State believes that it is very unlikely that it will use these assets to satisfy the claims of general creditors in the future.

IRC Section 401(k) Plan - Effective January 1, 1985 Chapter 135, Article 5 of the North Carolina General Statutes authorized the creation of the Supplemental Retirement Income Plan of North Carolina in accordance with Internal Revenue Code Section 401(K). All members of the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System, Local Governmental Employees' Retirement System and University Optional Retirement Program are eligible to elect to enroll in this plan. Members of the plan may receive their benefits upon retirement, disability, termination, hardship, or death. All costs of administering the plan are the responsibility of the plan participants. The State contributes 5% of the annual covered payroll for law enforcement officers. As of June 30, 1990, the plan administrator has reported assets on hand of $249.8 million (unaudited).

IRC Section 403(b) and 403(b)(7) Plans - All permanent university employees who work at least half-time, except student employees who are exempt from FICA withholding, can participate in tax-sheltered annuity plans and mutual funds created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employees' eligible contributions, made through salary reduction agreements, are exempt from federal and state income taxes until the accumulated balances are received or the contributions are withdrawn. Effective January 1, 1989, contributions may be withdrawn by employees only upon separation from service, death, disability, reaching age 59 1/2 or age 55 with qualifying retirement, or due to certain financial hardships. Currently, there are no restrictions on the withdrawal of the value of the accounts as of December 31, 1988. These plans are exclusively for employees of universities and certain

charitable and other non-profit institutions. All costs of administering and funding these plans are the responsibility of the plans' participants. No costs are incurred by the State.

H. POSTRETIREMENT BENEFITS

In addition to providing pension benefits, the State provides certain health care and death benefits to retirees. Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, and the University Employees' Optional Retirement Program with five or more years of service are eligible to participate in either the State's self-funded Teachers' and State Employees' Comprehensive Major Medical Plan (Plan) or one of two Health Maintenance Organization (HMO) plans. The Plan provides benefits to participants in a comprehensive, major medical format involving a $150 per person deductible and a 10% copayment not to exceed $300 per person for the fiscal year ended June 30, 1990, and a lifetime maximum coverage of $500,000. The Plan contains typical provisions relating to cost containment, pre-existing conditions, and coordination of benefits. The health benefit provided by the State becomes the secondary coverage when a retiree becomes eligible for Medicare.

The State pays the full cost of coverage for retirees enrolled in the Plan and makes similar contributions for retirees enrolled in the HMO plans. Retirees pay for the additional cost of HMO coverage and for the entire cost of coverage for their dependents. The maximum annual employer contribution was $954 for Medicare-eligible retirees and $1,253 for non-Medicare-eligible retirees for the fiscal year ended June 30, 1990. The State contributed 1.55% of active employees' salaries to fund retiree health coverage for the year ended June 30, 1990. Medical claims are recognized as expenses when incurred.

For the fiscal year ended June 30, 1990, the State paid $65,909,872 in contributions and $82,562,941 (cash basis) for claims on behalf of the 65,470 retirees enrolled in the Plan. Average claims payment per covered retiree was $1,261. In addition, the State paid premiums of $1,305,089 to HMOs for the year ended June 30, 1990 for the 1,277 retirees with HMO coverage. Benefit and contribution provisions are established by G.S. 135-40 and may be amended only by the North Carolina General Assembly.

A death benefit of up to $5,000 is provided for retirees of the various retirement systems who have elected, when first eligible, to make contributions for twenty-four months to a group death benefit trust fund. Should death occur before the completion of twenty-four months of contributions, the retired member's designated beneficiary shall be paid the sum of the retiree's contributions plus interest. Death benefits are recognized as expenses when paid. Benefit and contribution provisions are established by G.S. 120-4.27, 128-27(l2), 135-5(l) and 135-64(g) and may be amended only by the North Carolina General Assembly.

NOTE 5: JOINT VENTURES

A joint venture is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or service recipients in which the government retains an ongoing financial interest and/or responsibility. The only material joint ventures in which the State of North Carolina participates are MCNC and the North Carolina Biotechnology Center. Pursuant to current financial reporting standards, the State does not record its equity in these joint ventures since they are funded by governmental funds.

MCNC (formerly the Microelectronics Center of North Carolina) is a non-profit organization formed to foster advanced education, research and technology programs in microelectronics, communications and supercomputing. These programs build technical capability for economic development, support North Carolina universities and research institutes in research and education, involve leading industries for mutual benefit and support North Carolina industry and economic development agencies.

The Board of Directors consists of the Chancellors of North Carolina A&T State University, North Carolina State University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, and the President of MCNC, all of whom serve *ex officio*; a representative of Duke University designated by the Board of Trustees of Duke University; a representative of the Research Triangle Institute designated by the Board of Governors of the Research Triangle Institute; one State government representative appointed by the Governor and

NOTES TO THE FINANCIAL STATEMENTS

who serves at his pleasure; six other individuals appointed by the Governor who serve until their successors are duly appointed; and two individuals elected by the Board of Directors who serve until their successors are duly elected. The Board of Directors establishes policy for MCNC and appoints the President and other officers and management that it determines to be necessary.

The Board of Directors approves a biennium budget prior to its submission to the State of North Carolina. An operating plan (based on identified sources of funding, including the grant from the State) is approved by the Board at the beginning of each fiscal year. A status report of the operating plan is presented at the quarterly meetings of the Board.

In the year ended June 30, 1990, financing was provided from the following sources: State of North Carolina, 76.0%; industrial affiliates, 4.5%; contract revenue and interest and other income, 19.5%. The State of North Carolina has approved financing of $19.8 million for fiscal year 1991.

Financial statements of MCNC for the fiscal year ended June 30, 1990 disclosed the following (expressed in thousands):

Financial Position	
Total assets	$ 61,483
Total liabilities	3,988
Total fund balance	$ 57,495
Operating Results	
Revenues:	
State of North Carolina	$ 38,289
Other sources	12,117
Total Revenues	50,406
Expenses	31,313
Net income	19,093
Fund balance:	
July 1, 1989	38,402
June 30, 1990	$ 57,495

North Carolina Biotechnology Center. The North Carolina Biotechnology Center is a non-profit corporation organized under the laws of North Carolina in 1984 for the purpose of furthering economic development in North Carolina through support of biotechnology research, development and commercialization statewide. To fulfill its mission, the Center seeks to achieve the following goals: 1) strengthen North Carolina's research capabilities in its academic and industrial institutions; 2) foster North Carolina's industrial development; 3) inform and educate the public about biotechnology; 4) develop mutually beneficial partnerships among all parties involved in moving technology from research to commercialization; and 5) establish for North Carolina a leadership role in biotechnology and its commercialization.

The Board of Directors consists of the President of the University of North Carolina; the Chancellors of the University of North Carolina at Chapel Hill, North Carolina State University, East Carolina University and Duke University; the Vice President for Health Affairs of Wake Forest University; and the President of the North Carolina Biotechnology Center. These members serve *ex officio*. Five directors each are appointed by the Governor, Lieutenant Governor and the Speaker of the House of Representatives. These fifteen directors serve two-year terms. The Executive Committee of the Center may appoint up to a maximum of twelve directors, with no fewer than three from the private sector, and these members serve four-year terms.

The Board of Directors establishes policy for the Center and appoints the President and other officers and management that it determines to be necessary. The Executive Committee of the Board of Directors serves as the Finance Committee. The Executive Committee reviews the annual budget prepared by the staff and recommends a final budget to the Board of Directors. The Board of Directors approves the final annual budget with any required modifications.

In the year ended June 30, 1990, the State of North Carolina provided 86% of the Center's financing. Industry and foundations provided 1.3%, and contract revenue, interest and other income provided 12.7% of the Center's financing. The State of North Carolina has approved financing of $7.8 million for fiscal year 1991.

Financial statements of the Biotechnology Center for the fiscal year ended June 30, 1990 disclosed the following (expressed in thousands):

Financial Position	
Total assets	$ 20,078
Total liabilities	14,173
Total fund balance	$ 5,905
Operating Results	
Revenues:	
State of North Carolina	$ 6,121
Other sources	997
Total Revenues	7,118
Expenses	5,272
Net Income	1,846
Fund Balance:	
July 1, 1989	4,059
June 30, 1990	$ 5,905

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: SEGMENT INFORMATION FOR PROPRIETARY FUNDS

Segment information for the State's **enterprise funds** for the year ended June 30, 1990 is (expressed in thousands):

	UNC Hospitals [1]	*N.C. State Fair* [2]	*USS N.C. Battleship Commission* [3]	*N.C. Housing Finance Agency* [4]	*State Ports Authority* [5]	*Ports Railway Commission* [6]	*Agricultural Finance Authority* [7]
Operating revenues	$192,010	$ 5,768	$ 1,718	$ 110,744	$ 24,849	$ 248	$ 146
Operating expenses:							
Depreciation/amortization	10,965	525	142	625	4,029	87	-
Other	204,969	4,994	1,495	101,850	20,575	126	240
Operating income (loss)	(23,924)	249	81	8,269	245	35	(94)
Operating transfers in	38,159	-	-	-	-	-	213
Operating transfers out	-	(780)	-	-	-	-	-
Nonoperating revenues (expenses)	(299)	(90)	-	-	434	48	-
Extraordinary loss	-	-	-	(551)	-	-	-
Net income (loss)	$ 13,936	$ (621)	$ 81	$ 7,718	$ 679	$ 83	$ 119
Current assets	$ 79,815	$ 1,244	$ 679	$ 86,964	$ 22,047	$ 762	$ 1,228
Current liabilities	29,964	552	140	70,401	4,735	778	29
Net working capital	$ 49,851	$ 692	$ 539	$ 16,563	$ 17,312	$ (16)	$ 1,199
Total assets	$178,271	$11,182	$ 3,593	$1,050,022	$122,688	$ 1,897	$ 1,228
Total liabilities	33,373	552	620	978,415	12,119	778	29
Total fund equity	$144,898	$10,630	$ 2,973	$ 71,607	$110,569	$ 1,119	$ 1,199
Bonds and other long-term obligations	$ 3,409	$ -	$ 480	$ 908,014	$ 7,384	$ -	$ -
Additions to contributed capital	$ -	$ 1,318	$ -	$ -	$ -	$ -	$ -
Fixed assets (gross), June 30, 1989	$156,819	$14,114	$ 2,879	$ 206	$141,174	$ 472	$ -
Additions	15,594	610	171	107	9,971	858	-
Deletions	(3,390)	(9)	(80)	-	(68)	(1)	-
Other adjustments	-	489	-	(1)	-	-	-
Fixed assets (gross)	169,023	15,204	2,970	312	151,077	1,329	-
Accumulated depreciation	(78,647)	(5,266)	(937)	(174)	(50,570)	(335)	-
Fixed assets (net), June 30, 1990	$ 90,376	$ 9,938	$ 2,033	$ 138	$ 100,507	$ 994	$ -

NOTES TO THE FINANCIAL STATEMENTS

N.C. Low Level Radioactive Waste Management Authority [8]	*Other Funds* [9]	*Total*
$ 1,297	$ 545	$ 337,325
2	58	16,433
1,467	569	336,285
(172)	(82)	(15,393)
234	-	38,606
(281)	(2)	(1,063)
(211)	(12)	(130)
-	-	(551)
$ (430)	$ (96)	$ 21,469
$ 3,760	$ 417	$ 196,916
1,215	70	107,884
$ 2,545	$ 347	$ 89,032
$ 10,658	$ 1,313	$1,380,852
13,401	70	1,039,357
$ (2,743)	$ 1,243	$ 341,495
$ 12,186	$ -	$ 931,473
$ -	$ -	$ 1,318
$ -	$ 1,711	$ 317,375
6,902	-	34,213
-	-	(3,548)
-	(54)	434
6,902	1,657	348,474
(4)	(761)	(136,694)
$ 6,898	$ 896	$ 211,780

Principal enterprise fund activities

[1] The University of North Carolina Hospitals consist of the following medical facilities in Chapel Hill: North Carolina Memorial Hospital, North Carolina Children's Hospital, North Carolina Neuropsychiatric Hospital, North Carolina Jaycee Burn Center, North Carolina Clinical Cancer Center, North Carolina Women's Center, UNC Ambulatory Care Center and Carolina Consultation Center.

[2] The North Carolina State Fair in Raleigh provides annual competitive exhibition of North Carolina agricultural products as well as rural arts and crafts.

[3] The USS North Carolina battleship in Wilmington is open for public exhibition all year. The Commission administers the maintenance and exhibition costs of the battleship.

[4] The North Carolina Housing Finance Agency in Raleigh administers programs to finance construction of low and moderate income housing and the investment of funds on hand.

[5] The State Ports Authority operates the State's port facilities in Wilmington and Morehead City.

[6] The Ports Railway Commission operates, maintains and controls all railway equipment and railway operations transferred to it by the State Ports Authority in January, 1981.

[7] The North Carolina Agricultural Finance Authority administers the financing of low-interest loans to farmers.

[8] The North Carolina Low Level Radioactive Waste Management Authority was organized to locate, construct and operate a regional site for the disposal of low level radioactive waste. The site will be located in North Carolina and will serve the needs of eight southeastern states. Currently in developmental stage, the program is being financed by loans from the State. The loans will be repaid from operating revenues at such time as the facility becomes operational.

[9] Other enterprise funds of the State have been organized to operate concession stands, bookstores, vending and sales desks, and the State's Farmers' Market.

NOTES TO THE FINANCIAL STATEMENTS

Segment information for the State's **internal service funds** for the year ended June 30, 1990 is (expressed in thousands):

	Prison Enterprises [1]	*Central Governmental Services* [2]	*Motor Fleet Management* [3]	*Educational Materials and School Buses* [4]	*State Health Plan* [5]	*N.C. Teachers' and State Employees' Benefit Trust* [6]	*Disability Income Plan of N.C.* [7]
Operating revenues	$ 39,966	$ 54,578	$ 18,796	$ 5,436	$440,275	$ 111,275	$ 33,392
Operating expenses:							
Depreciation	1,087	5,762	8,910	-	11	-	-
Other	38,056	38,548	8,703	70,154	432,318	85,058	9,210
Operating income (loss)	823	10,268	1,183	(64,718)	7,946	26,217	24,182
Operating transfers in	-	1	1	54,819	-	-	-
Operating transfers (out)	(940)	(2,160)	-	-	-	-	-
Nonoperating revenues (expenses)	(559)	(2,338)	(446)	-	(42)	-	-
Net income (loss)	$ (676)	$ 5,771	$ 738	$(9,899)	$ 7,904	$ 26,217	$ 24,182
Current assets	$ 18,138	$ 20,931	$ 6,743	$19,436	$ 94,500	$ 113,341	$ 63,271
Current liabilities	2,759	5,134	1,239	20,946	71,724	4,793	26
Net working capital	$ 15,379	$ 15,797	$ 5,504	$ (1,510)	$ 22,776	$ 108,548	$ 63,245
Total assets	$ 25,050	$ 49,487	$ 45,021	$19,436	$ 94,540	$ 113,341	$ 63,271
Total liabilities	2,759	7,723	1,239	20,946	71,724	4,793	26
Fund equity	$ 22,291	$ 41,764	$ 43,782	$ (1,510)	$ 22,816	$ 108,548	$ 63,245
Capital leases	$ -	$ 2,589	$ -	$ -	$ -	$ -	$ -
Residual equity transfer	$ -	$ -	$ -	$ (3,900)	$ -	$ -	$ -
Additions (deletions) to contributed capital	$ -	$ (1,206)	$ -	$ -	$ -	$ -	$ -
Fixed assets (gross), June 30, 1989	$ 18,155	$ 41,727	$ 53,190	$ -	$ 125	$ -	$ -
Additions	710	10,872	11,224	-	-	-	-
Deletions	(172)	(2,352)	(6,428)	-	-	-	-
Other adjustments	(2,193)	(3,275)	(134)	-	(68)	-	-
Fixed assets (gross)	16,500	46,972	57,852	-	57	-	-
Accumulated depreciation	(9,588)	(18,423)	(19,574)	-	(17)	-	-
Fixed assets (net), June 30, 1990	$ 6,912	$ 28,549	$ 38,278	$ -	$ 40	$ -	$ -

NOTES TO THE FINANCIAL STATEMENTS

Public School Insurance [8]	*State Property Fire Insurance* [9]	*Other Funds* [10]	*Total*
$ 6,710	$ 7,338	$ 6,724	$724,490
-	-	414	16,184
7,194	5,529	6,610	701,380
(484)	1,809	(300)	6,926
-	1	-	54,822
-	(2,409)	(33)	(5,542)
-	-	(779)	(4,164)
$ (484)	$ (599)	$ (1,112)	$ 52,042
$ 35,951	$11,247	$ 2,676	$ 386,234
4,083	1,481	680	112,865
$ 31,868	$ 9,766	$ 1,996	$ 273,369
$ 35,951	$11,247	$16,812	$ 474,156
4,083	1,481	680	115,454
$ 31,868	$ 9,766	$16,132	$ 358,702
$ -	$ -	$ -	$ 2,589
$ -	$ -	$ -	$ (3,900)
$ -	$ -	$ 2,931	$ 1,725
$ -	$ -	$17,956	$ 131,153
-	-	3,068	25,874
-	-	(118)	(9,070)
-	-	(1,012)	(6,682)
-	-	19,894	141,275
-	-	(5,758)	(53,360)
$ -	$ -	$ 14,136	$ 87,915

Principal internal service fund activities

[1] Prison Enterprises, within the Department of Correction, provides printing, upholstering and moving services to State agencies and produces vehicle license plates for the Department of Motor Vehicles.

[2] Central Government Services encompasses various activities available to all State agencies. A statewide telephone network, the State Information Processing Services and computer systems development are provided by internal service funds of the Office of the State Controller. The Department of Administration provides parking, printing, courier and temporary services.

[3] Motor Fleet Management, part of the Department of Administration, is responsible for the purchase, issuance and maintenance of vehicles in the State Motor Pool.

[4] The Educational Materials and School Buses internal service fund purchases textbooks, other instructional materials and school buses for distribution to North Carolina's public schools. The fund is a part of the Department of Public Instruction.

[5] The State Health Plan administers a health care benefit plan for State employees.

[6] The North Carolina Teachers' and State Employees' Benefit Trust is a combined employee benefit plan which provides death benefits to public employees and funds State retirees' health plan coverage.

[7] The Disability Income Plan of North Carolina provides short-term and long-term disability coverage for teachers and State employees.

[8] The Public School Insurance fund provides fire, theft and vandalism insurance for public school buildings and contents and offers risk management services.

[9] The State Property Fire Insurance fund has built a reserve for self-insurance coverage against losses due to fire in state-owned buildings.

[10] Other internal service funds provide the following services to State agencies: laundry services, telephone services, surplus property and copying services for the state court system.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: COMMITMENTS AND CONTINGENCIES

A. NO COMMITMENT DEBT

The State, by action of the General Assembly, created the North Carolina Medical Care Commission which is authorized to issue tax-exempt bonds and notes to finance construction and equipment projects for nonprofit and public hospitals, nursing homes, continuing care facilities for the elderly and related facilities. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each entity is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2019, the outstanding principal of bonds and notes as of June 30, 1990, was $1,001,968,527 with interest rates varying from 4.4 to 14.0 percent.

B. LITIGATION

State Tax Refunds - Federal Retirees. In *Davis v. Michigan* (decided March 28, 1989), the United States Supreme Court ruled that a Michigan income tax statute which taxed federal retirement benefits while exempting those paid by state and local governments violated the constitutional doctrine of intergovernmental tax immunity. At the time of the *Davis* decision, North Carolina law contained a similar exemption in favor of state and local retirees. That provision has been repealed prospectively, beginning with the 1989 tax year. All public pensions are now entitled to a $4,000 annual exclusion.

Following *Davis*, federal retirees filed a class action suit alleging civil rights violations and seeking damages equal to the North Carolina income tax paid on federal retirement income by the class members. The complaint alleges that the amount in controversy exceeds $140 million. In September, 1990, a decision favorable to the federal retirees was rendered in North Carolina Superior Court. The court ruled that the retirees were eligible for income tax refunds for the years 1985-1989. The State has appealed the decision to the North Carolina Court of Appeals. The North Carolina Attorney General's Office is unable to predict the outcome of this litigation but believes that sound legal arguments support the State's position.

State Tax Refunds - State Retirees. State retirees filed a class action suit against the State as a result of the repeal of tax exemption of state retirement benefits. The retirees allege breach of contract by the State in taxing benefits that were promised to be tax exempt. The North Carolina Attorney General's Office estimates that the amount in controversy is approximately $45 million. In November, 1990, a decision favorable to the state retirees was rendered in North Carolina Superior Court. The State has appealed the decision to the North Carolina Court of Appeals. The North Carolina Attorney General's Office is unable to predict the outcome of this litigation, but believes that sound legal arguments support the State's position.

Other Litigation. The State is involved in numerous claims and legal proceedings, many of which normally recur in governmental operations. A review of the status of outstanding lawsuits involving the State by the North Carolina Attorney General did not disclose any proceedings that are expected to have a material adverse effect on the financial position of the State.

C. FEDERAL GRANTS

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies, although it is believed that disallowances, if any, will be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

D. HIGHWAY CONSTRUCTION

The State may be liable for approximately $47.8 million to contractors for highway construction claims that the State has contested. The State may also be liable for an additional $17 million in contested rights-of-way acquisition costs to property owners in condemnation proceedings. These costs have not been included in project-to-date costs.

E. FOOD STAMP COUPONS AND USDA-DONATED COMMODITIES

The State had custodial responsibility at June 30, 1990 for $85 million of U.S. Department of Agriculture food stamp coupons for which the State is liable in the event of loss.

The State has custodial responsibility for $2.5 million of U.S. Department of Agriculture donated food commodities for which the State is liable in the event of loss.

F. PURCHASE COMMITMENTS - MORTGAGE LOANS

Simultaneous with the issuance of bonds, the N.C. Housing Finance Agency agreed with certain mortgage lenders to purchase mortgage loans. At June 30, 1990, the following purchase commitments remained outstanding (expressed in thousands):

	Original Commitment	*Outstanding Commitment*
Single Family Revenue Bonds:		
(1985 Resolution)		
Series I	$ 55,120	$ 881
Series J/K	32,376	4,028
Series L/M	62,797	62,797
Total Commitments		$ 67,706

NOTE 8: SUBSEQUENT EVENTS

Student Facility System Bonds. On September 4, 1990, the University of North Carolina at Greensboro issued $10.4 million of Student Facilities System Revenue Bonds, Series 1990. The bond proceeds will be used to construct a multi-purpose student recreational facility and a soccer stadium. The bonds will mature on September 1, 1992.

Prison Bonds. In February, 1991, the State plans to issue $75 million of Prison Bonds. The bond proceeds will be used to construct prison facilities.

Short-Term Borrowings. The State's general fund expenditures occur on a relatively even basis throughout the year, while a substantial part of tax revenue collections is received in the last quarter of the fiscal year. To accommodate temporary cash requirements, the general fund has borrowed money from other State funds on a short-term basis since June 30, 1990. The highest balance due other funds since that date was $319.8 million. The balance at January 17, 1991 was $86.86 million, which will be repaid during the last half of fiscal year 1990-91 through scheduled budgeted transfers to the general fund.

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REQUIRED SUPPLEMENTARY INFORMATION
ACTUARIAL ANALYSIS OF FUNDING PROGRESS
ALL PENSION TRUST FUNDS

June 30, 1990

(Expressed in Thousands)

System	Fiscal Year Ended	Net Assets (at cost) Available For Benefits (1)	Pension Benefit Obligation (2)	Percentage Funded (1) / (2) (3)	Unfunded (Assets in Excess of) Pension Benefit Obligation (2) - (1) (4)	Actuary's Annual Covered Payroll (5)	Unfunded (Assets in Excess of) Pension Benefit Obligation As a Percentage of Covered Payroll (4) / (5) (6)
Teachers' and State Employees'	12-31-89	$ 12,761,635	$ 13,002,665	98.15%	$ 241,030	$ 4,913,151	4.91%
	12-31-88	11,386,677	11,614,756	98.04%	228,079	4,551,222	5.01%
	12-31-87	10,199,107	10,478,234	97.34%	279,127	4,221,927	6.61%
Consolidated Judicial	12-31-89	$ 90,372	$ 115,939	77.95%	$ 25,567	$ 24,688	103.56%
	12-31-88	79,204	101,416	78.10%	22,212	22,157	100.25%
	12-31-87	69,587	90,114	77.22%	20,527	20,762	98.87%
Legislative	12-31-89	$ 4,976	$ 6,765	73.56%	$ 1,789	$ 1,885	94.91%
	12-31-88	3,695	5,838	63.29%	2,143	1,894	113.15%
	12-31-87	2,766	[1]	[1]	[1]	1,680	[1]
Firemen, Rescue Workers'	6-30-89	$ 67,200	$ 85,800	78.32%	$ 18,600	N/A	N/A
	6-30-88	60,496	82,416	73.40%	21,920	N/A	N/A
	6-30-87	51,673	74,648	69.22%	22,975	N/A	N/A
National Guard	12-31-89	$ 9,594	$ 25,024	38.34%	$ 15,430	N/A	N/A
	12-31-88	7,506	22,784	32.94%	15,278	N/A	N/A
	12-31-87	5,903	21,683	27.22%	15,780	N/A	N/A
Local Governmental Employees'	12-31-89	$ 2,849,018	$ 2,641,918	107.84%	$ (207,100)	$ 1,577,967	(13.12%)
	12-31-88	2,515,369	2,323,781	108.24%	(191,588)	1,419,013	(13.50%)
	12-31-87	2,225,723	2,090,967	106.44%	(134,756)	1,280,303	(10.52%)

[1] - Information not available

N/A - Not Applicable

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE
ALL PENSION TRUST FUNDS

For the Ten-Year Period 1980 to 1989 (January 1 to December 31)

(Expressed in Thousands)

Teachers' and State Employees' Retirement System

Revenues by Source

Fiscal Year	Contributions: Employee	Contributions: Employer	Investment Earnings	Miscellaneous	Transfers In	Total Revenues
1989	$ 310,018	$ 472,735	$ 1,149,099	$ 503	$ 3,842	$ 1,936,197
1988	286,367	437,282	966,015	262	3,440	1,693,366
1987	266,435	435,561	1,144,640	498	3,513	1,850,647
1986	247,931	408,986	905,774	608	2,287	1,565,586
1985	227,099	372,991	746,474	591	134,886 [A]	1,482,041
1984	198,360	323,052	600,981	556	1,703	1,124,652
1983	181,724	290,360	526,433	572	1,003	1,000,092
1982	177,106	281,880	469,761	386	1,220	930,353
1981	167,542	262,722	370,070	343	1,054	801,731
1980	155,403	233,310	299,301	323	1,078	689,415

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Refund of Contributions	Other Expenses	Transfers Out	Total Expenses
1989	$ 516,837	$ 2,784	$ 39,788	$ 5	$ 1,825	$ 561,239
1988	464,754	2,795	36,278	7	1,962	505,796
1987	419,733	2,653	35,540	1	1,558	459,485
1986	378,700	2,471	34,222	3	1,284	416,680
1985	339,165	2,334	37,166	-	1,056	379,721
1984	293,576	2,200	37,204	13	1,165	334,158
1983	259,892	1,947	36,331	8	821	298,999
1982	233,273	1,748	34,181	1	745	269,948
1981	205,839	1,701	33,973	23	1,168	242,704
1980	177,183	1,602	26,589	3	914	206,291

[A] A portion of the Law Enforcement Officers' Retirement System was closed out and merged into the Teachers' and State Employees' Retirement System on January 1, 1985.

Employer Contributions as a Percentage of Annual Actual Covered Payroll

Fiscal Year	Percentage	Fiscal Year	Percentage
1989	9.35%	1984	10.03%
1988	9.35%	1983	10.03%
1987	10.03%	1982	9.81%
1986	10.03%	1981	9.71%
1985	10.03%	1980	9.70%

Contributions were made in accordance with actuarially determined contribution requirements. There were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented above.

Employer and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

Consolidated Judicial Retirement System

Revenues by Source

Fiscal Year	Contributions Employee	Contributions Employer	Investment Earnings	Misc.	Transfers In	Total Revenues
1989	$ 1,654	$ 7,398	$ 8,002	$ -	$ -	$ 17,054
1988	1,372	6,672	6,631	-	-	14,675
1987	1,398	6,205	7,594	2	-	15,199
1986	1,231	5,739	5,967	-	-	12,937
1985	1,177	6,656	4,800	29	-	12,662
1984	1,091	6,098	3,726	-	-	10,915
1983	894	4,322	3,083	-	-	8,299
1982	885	4,128	2,646	-	3	7,662
1981	856	3,848	1,960	-	-	6,664
1980	752	3,583	1,473	-	17	5,825

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Refund of Contributions	Other Expenses	Total Expenses
1989	$ 5,818	$ 25	$ 53	$ -	$ 5,896
1988	5,026	16	16	-	5,058
1987	4,965	18	139	7	5,129
1986	4,390	17	41	-	4,448
1985	3,834	16	70	-	3,920
1984	3,173	20	54	-	3,247
1983	2,798	22	142	-	2,962
1982	2,302	12	24	-	2,338
1981	2,115	11	55	-	2,181
1980	1,686	9	19	-	1,714

Legislative Retirement System

Revenues by Source

Fiscal Year	Contributions Employee	Contributions Employer	Investment Earnings	Misc.	Total Revenues
1989	$ 166	$ 1,005	$ 385	$ -	$ 1,556
1988	123	696	287	-	1,106
1987	129	591	247	-	967
1986	139	594	154	-	887
1985	526	463	79	27	1,095
1984	-	-	-	-	-
1983	-	-	-	-	-
1982	-	-	-	-	-
1981	-	-	-	-	-
1980	-	-	-	-	-

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Refund of Contributions	Total Expenses
1989	$ 246	$ 2	$ 6	$ 254
1988	176	2	2	178
1987	155	2	8	165
1986	114	2	1	117
1985	76	1	4	81
1984	-	-	-	-
1983	-	-	-	-
1982	-	-	-	-
1981	-	-	-	-
1980	-	-	-	-

NOTE: The Legislative Retirement System was established on February 6, 1985.

Employer Contributions as a Percentage of Annual Actual Covered Payroll

Fiscal Year	Percentage	Fiscal Year	Percentage
1989	29.71%	1984	29.71%
1988	29.71%	1983	27.84%
1987	29.71%	1982	28.78%
1986	29.71%	1981	28.79%
1985	29.71%	1980	27.93%

Fiscal Year	Percentage	Fiscal Year	Percentage*
1/1/89-8/31/89	35.76%	1984	-
9/1/89-12/31/89	37.20%	1983	-
1988	35.76%	1982	-
1987	35.76%	1981	-
1986	34.37%	1980	-
1985	34.37%		

Contributions were made in accordance with actuarially determined contribution requirements. There were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented above.

Employer and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (CONTINUED)
ALL PENSION TRUST FUNDS

For the Ten-Year Period 1980 to 1989 (January 1 to December 31)

(Expressed in Thousands)

Firemen and Rescue Squad Workers' Pension Fund

Revenues by Source

[A] Fiscal Year	Contributions: Employee	Contributions: State	Investment Earnings	Misc.	Total Revenues
1990	$ 1,347	$ 5,541	$ 6,506	$ -	$ 13,394
1989	1,267	5,685	5,998	-	12,950
1988	2,804	5,685	6,425	-	14,914
1987	6,232	4,185	4,831	-	15,248
1986	881	1,755	4,286	21	6,943
1985	827	2,574	3,518	-	6,919
1984	1,407	2,875	2,984	-	7,266
1983	1,030	2,828	2,722	-	6,580
1982	652	3,163	2,098	-	5,913
1981	1,167	1,103	1,997	-	4,267

Expenses by Type

[A] Fiscal Year	Benefit Payments	Refund of Contributions	Total Expenses
1990	$ 6,350	$ 290	$ 6,640
1989	6,003	285	6,288
1988	5,737	354	6,091
1987	4,372	212	4,584
1986	2,797	240	3,037
1985	2,703	160	2,863
1984	2,566	133	2,699
1983	2,330	130	2,460
1982	1,805	153	1,958
1981	1,320	140	1,460

National Guard Pension Fund

Revenues by Source

Fiscal Year	State Contributions	Investment Earnings	Total Revenues
1989	$ 2,209	$ 747	$ 2,956
1988	1,800	575	2,375
1987	1,800	493	2,293
1986	1,740	353	2,093
1985	1,718	207	1,925
1984	1,718	84	1,802
1983	532	18	550
1982	-	-	-
1981	-	-	-
1980	-	-	-

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Total Expenses
1989	$ 857	$ 11	$ 868
1988	761	11	772
1987	692	10	702
1986	636	10	646
1985	607	10	617
1984	558	13	571
1983	221	2	223
1982	-	-	-
1981	-	-	-
1980	-	-	-

[A] - For the fiscal years ended June 30, 1981 to 1990

The National Guard Pension Fund was established on July 1, 1983.

NOTE: Disclosure of employer contributions as a percentage of annual covered payroll is not applicable for the Firemen and Rescue Squad Workers' and the National Guard Pension Funds since State contributions are not based on annual covered payroll.

Contributions were made in accordance with actuarially determined contribution requirements. There were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented above.

State and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

Local Governmental Employees' Retirement System

Revenues by Source

Fiscal Year	Contributions: Employee	Contributions: Employer	Investment Earnings	Court Costs	Miscellaneous	Transfers In		Total Revenues
1989	$ 100,082	$ 94,087	$ 255,662	$ 4,505	$ 23	$ 1,825		$ 456,184
1988	90,400	89,786	212,193	4,378	17	1,962		398,736
1987	84,200	94,981	244,538	3,982	92	1,557		429,350
1986	73,744	79,824	196,185	1,332	114	255,138	[A]	606,337
1985	58,398	68,129	132,063	-	24	1,056		259,670
1984	52,973	57,093	106,703	-	68	1,165		218,002
1983	48,874	52,942	91,128	-	24	820		193,788
1982	45,527	46,755	79,482	-	5	742		172,511
1981	42,526	43,157	61,220	-	5	1,168		148,076
1980	39,079	40,443	48,326	-	5	897		128,750

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Refund of Contributions	Other Expenses	Transfers Out	Total Expenses
1989	$ 96,795	$ 977	$ 20,921	$ -	$ 3,842	$ 122,535
1988	84,938	862	19,844	6	3,440	109,090
1987	74,527	822	18,794	-	3,517	97,660
1986	63,239	848	19,518	121	2,287	86,013
1985	45,880	665	16,250	-	1,875	64,670
1984	39,230	633	14,533	-	1,660	56,056
1983	33,776	542	12,221	2	941	47,482
1982	30,102	497	11,027	-	1,159	42,785
1981	24,936	482	11,652	1	2,386	39,457
1980	21,795	453	9,218	1	1,453	32,920

[A] A portion of the Law Enforcement Officers' Retirement System was closed out and merged into the Local Governmental Employees' Retirement System on January 1, 1986.

Employer Contributions as a Percentage of Annual Actual Covered Payroll

Fiscal Year	Percentage	Fiscal Year	Percentage
1989	5.73%	1984	6.83%
1988	6.05%	1983	6.78%
1987	6.26%	1982	6.35%
1986	6.90%	1981	6.37%
1985	6.41%	1980	6.57%

Contributions were made in accordance with actuarially determined contribution requirements. There were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented above.

Employer and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE (CONTINUED)
ALL PENSION TRUST FUNDS

For the Ten-Year Period 1980 to 1989 (January 1 to December 31)

(Expressed in Thousands)

Law Enforcement Officers' Retirement System

Revenues by Source

Fiscal Year	Contributions: Employee	Contributions: Employer	Investment Earnings	Court Costs	State Appropriations	Miscellaneous	Transfers In	Total Revenues
1989								N/A
1988								N/A
1987								N/A
1986								N/A
1985	$ 8,580	$ 11,684	$ 33,168	$ 1,154	$ -	$ 1	$ -	$ 54,587
1984	11,275	18,242	37,644	1,541	-	1	7	68,710
1983	10,318	17,069	33,087	2,307	-	2	1	62,784
1982	9,676	15,860	29,080	2,161	-	-	-	56,777
1981	8,783	13,848	22,503	2,385	-	-	1,375	48,894
1980	7,823	9,966	18,405	2,469	644	-	404	39,711

Expenses by Type

Fiscal Year	Benefit Payments	Administrative Expenses	Refund of Contributions	Other Expenses	Transfers Out	Total Expenses
1989						N/A
1988						N/A
1987						N/A
1986						N/A
1985	$ 8,745	$ 115	$ 2,642	$ -	$ 158,863 [A]	$ 170,365
1984	11,839	118	3,308	1	6,545	21,811
1983	10,347	102	3,215	1	64	13,729
1982	8,783	88	2,560	-	61	11,492
1981	7,639	85	2,799	-	24	10,547
1980	6,140	89	2,351	-	29	8,609

[A] The Law Enforcement Officers' Retirement System was closed out and merged into the Teachers' and State Employees' and the Local Governmental Employees' Retirement Systems.

Contributions were made in accordance with actuarially determined contribution requirements. There were no changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies or other factors that would significantly affect the information presented above.

Employer and employee contributions include service purchases and other supplemental funding not based on actuarial requirements.

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

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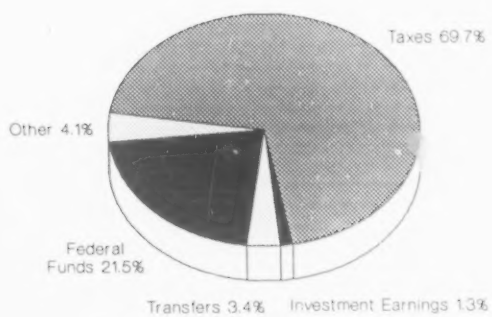
GENERAL FUND

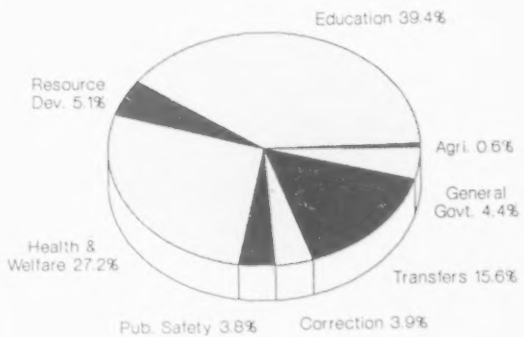
The General Fund is maintained to account for all financial resources received and used for services traditionally provided by a state government. These services include general government, public safety and regulation, corrections, health, welfare and rehabilitation, resource development and preservation, agriculture, and any other services not accounted for in another fund.

The charts below provide a breakdown of the General Fund revenues and expenditures for the year ended June 30, 1990, on the modified accrual basis of accounting (GAAP). Under this basis, total expenditures and other uses exceeded revenues and other sources by $175.9 million in 1990. Revenues and other sources increased $926 million over the prior year, or 10.9%, (revenues increased $780 million and operating transfers in increased $146 million), primarily as a result of increases in tax revenues and in federal funds. Expenditures and other uses increased $811 million over the prior year, or 9.2% (expenditures increased $842 million and operating transfers out decreased $30 million), primarily as a result of increases of $320 million in health, welfare and rehabilitation, $305 million in education, $55 million in general government, $70 million in public safety and regulation, and $57 million in corrections.

General Fund Revenues



General Fund Expenditures



COMPARATIVE BALANCE SHEETS
GENERAL FUND

June 30, 1990 and 1989 Exhibit B-1

(Expressed in Thousands)

	June 30, 1990	June 30, 1989
Assets		
Cash and Cash Equivalents	$ 3,631	$ 6,568
Pooled Cash	806,329	757,702
Investments	8,381	10,892
Receivables:		
Accounts Receivable	106,924	91,405
Intergovernmental Receivables	247,632	216,104
Investment Earnings	8,527	11,173
Interfund Receivables	21,764	6,104
Inventories	30,870	29,658
Total Assets	$ 1,234,058	$ 1,129,606
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Liabilities:		
Accounts Payable	$ 112,354	$ 28,392
Accrued Payroll	114,523	6,427
Intergovernmental Payables	500,718	545,708
Interfund Payables	75,402	24,764
Claims and Benefits Payable	229,958	197,331
Deposits Payable	241	417
Deferred Revenue	77,064	72,998
Total Liabilities	1,110,260	876,037
Fund Balance:		
Reserved	95,203	103,592
Unreserved:		
Designated for Subsequent Years' Expenditures	42,103	44,957
Undesignated	(13,508)	105,020
Total Fund Balance	123,798	253,569
Total Liabilities and Fund Balance	$ 1,234,058	$ 1,129,606

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND

For the Fiscal Years Ended June 30, 1990 and 1989 Exhibit B-2

(Expressed in Thousands)

	June 30, 1990	June 30, 1989
Revenues:		
Taxes	$ 6,573,487	$ 6,072,786
Federal Funds	2,022,667	1,778,720
Local Funds	143,991	121,324
Investment Earnings	123,139	146,494
Sales and Services	59,675	49,034
Sale, Rental and Lease of Property	5,254	4,795
Fees, Licenses and Fines	153,870	129,000
Contributions, Gifts and Grants	1,479	1,303
Miscellaneous	24,611	25,016
Total Revenues	9,108,173	8,328,472
Expenditures:		
Current:		
General Government	419,601	364,199
Public Safety and Regulation	366,301	296,262
Corrections	375,838	319,082
Public Education and Community Colleges	3,782,994	3,477,927
Health, Welfare and Rehabilitation	2,608,296	2,288,214
Resource Development and Preservation	494,521	462,870
Agriculture	55,272	52,503
Total Expenditures	8,102,823	7,261,057
Excess Revenues Over Expenditures	1,005,350	1,067,415
Other Financing Sources (Uses):		
Operating Transfers In	321,401	174,952
Operating Transfers Out	(1,502,698)	(1,533,091)
Total Other Financing Sources (Uses)	(1,181,297)	(1,358,139)
Excess Revenues and Other Sources (Under) Expenditures and Other Uses	(175,947)	(290,724)
Fund Balance - July 1	253,569	541,485
Restatements	3,073	-
Residual Equity Transfers:		
Transfers In	44,961	11
Transfers Out	(3,070)	-
Increase In Reserve for Inventories	1,212	2,797
Fund Balance - June 30	$ 123,798	$ 253,569

COMPARATIVE SCHEDULES OF REVENUES BY SOURCE
GENERAL FUND

For the Fiscal Years Ended June 30, 1990 and 1989
(Expressed in Thousands)

Exhibit B-3

	June 30, 1990	June 30, 1989
Tax Revenues:		
Income Tax	$ 3,957,643	$ 3,685,617
Sales and Use Tax	1,767,692	1,689,572
Franchise Tax	262,822	236,306
Beverage Tax	145,761	127,632
Insurance Tax	176,715	187,072
Intangible Tax	97,258	-
Inheritance Tax	72,875	67,151
Soft Drink Tax	28,987	27,912
Cigarette Tax	15,315	7,949
License Tax	28,225	24,929
Savings and Loan Association Tax	9,307	13,203
Gift Tax	10,122	4,593
Other Taxes	765	850
Total Tax Revenues	6,573,487	6,072,786
Non-Tax Revenues:		
Federal Funds:		
Departmental Revenues	2,022,667	1,778,720
Local Funds:		
Departmental Revenues	143,991	121,324
Investment Earnings:		
Income from Treasurer's Investments	116,304	140,709
Railroad Dividends	96	166
Departmental Revenues	6,739	5,619
	123,139	146,494
Sales and Services:		
Departmental Revenues	59,675	49,034
Sale, Rental and Lease of Property:		
Proceeds from Sale, Rental and Lease of Property	100	313
Departmental Revenues	5,154	4,482
	5,254	4,795
Fees, Licenses and Fines:		
Court Fines and Fees	59,689	48,814
Securities Registration Fees	3,803	3,89
Banking and Investment Fees	2,389	2,431
Self Insurer Fees (Industrial Commission)	2,547	2,379
Corporations Licenses and Fees	2,051	2,238
Gasoline and Oil Inspection Fees	1,021	1,239
Uniform Commercial Code Fees	952	980
Notary Licenses and Fees	430	385
Probation Supervision Fees	6,331	5,904
Elections Filing Fees	221	10
Department of Insurance Fees	3,502	3,016
DWI Service Fees	3,668	2,941
Departmental Revenues	66,043	53,607
Other Non-Tax Revenues	1,223	1,159
	153,870	129,000
Contributions, Gifts and Grants:		
Departmental Revenues	1,479	1,303
Miscellaneous:		
Intangible Tax Administration	-	2,665
Local Sales and Use Tax Administration	5,425	5,342
Other Non-Tax Revenue	741	505
Departmental Revenues	18,445	16,504
	24,611	25,016
Total Non-Tax Revenues	2,534,686	2,255,686
Total Revenues	$ 9,108,173	$ 8,328,472

SCHEDULE OF EXPENDITURES BY FUNCTION AND DEPARTMENT GENERAL FUND

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

Department	Function			
	Total	General Government	Public Safety and Regulation	Corrections
General Assembly	$ 17,281	$ 17,281	$ -	$ -
Governor	27,199	27,199	-	-
Lieutenant Governor	688	688	-	-
Secretary of State	3,552	3,552	-	-
State Auditor	13,608	13,608	-	-
State Treasurer	9,693	9,693	-	-
State Controller	6,843	6,843	-	-
Administration	47,619	47,619	-	-
Revenue	290,088	290,088	-	-
State Board of Elections	828	828	-	-
Judicial	200,038	-	200,038	-
Justice	55,200	-	55,200	-
Labor	11,171	-	11,171	-
Insurance	17,107	-	17,107	-
Crime Control and Public Safety	82,785	-	82,785	-
Correction	375,838	-	-	375,838
Public Instruction	3,371,293	-	-	-
Community Colleges	404,671	-	-	-
Cultural Resources	43,975	-	-	-
Human Resources	2,608,296	-	-	-
Environment, Health and Natural Resources	297,267	-	-	-
Economic and Community Development	153,279	-	-	-
Agriculture	55,272	-	-	-
School of Science and Mathematics	7,030	-	-	-
Office of Administrative Hearings	1,984	1,984	-	-
Administrative Rules Review Commission	218	218	-	-
Total Expenditures	$ 8,102,823	$ 419,601	$ 366,301	$ 375,838

Exhibit B-4

Function			
Public Education and Community Colleges	Health, Welfare and Rehabilitation	Resource Development and Preservation	Agriculture
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,371,293	-	-	-
404,671	-	-	-
-	-	43,975	-
-	2,608,296	-	-
-	-	297,267	-
-	-	153,279	-
-	-	-	55,272
7,030	-	-	-
-	-	-	-
-	-	-	-
$ 3,782,994	$ 2,608,296	$ 494,521	$ 55,272

COMPARATIVE SCHEDULES OF EXPENDITURES BY OBJECT GENERAL FUND

For the Fiscal Years Ended June 30, 1990 and 1989 Exhibit B-5

(Expressed in Thousands)

	June 30, 1990	June 30, 1989
Current Expenditures:		
Personal Services	$ 1,063,769	$ 974,833
Employee Benefits	289,755	258,182
Contracted Personal Services	64,736	67,755
Supplies and Materials	91,653	85,761
Travel	31,489	32,358
Communications	26,898	26,450
Utilities	30,546	28,369
Data Processing Services	21,590	18,867
Other Services	47,984	43,594
Rental of Property and Equipment	15,178	12,138
Other Pensions and Benefits	557	305
Other Fixed Charges	33,300	27,950
Capital Outlay	51,225	46,648
Grants, State Aid and Subsidies:		
Elementary and Secondary Public Education	3,314,225	3,039,966
Human Resources	2,022,555	1,865,961
Community Colleges	392,417	360,406
Other Grants, State Aid and Subsidies	597,285	368,245
Other Expenditures	7,661	3,269
Total Expenditures	$ 8,102,823	$ 7,261,057

SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for those financial resources which are restricted by legal, regulatory or administrative action to finance particular functions or activities of the State.

The following activities are included in Special Revenue Funds:

Highway Fund. To account for highway construction and maintenance activities funded by highway user taxes and Federal grants.

Highway Trust Fund. To account for funds accumulated from various road use taxes. These funds are designated for the State's new highway expansion program.

Bond Funds. To account for Highway, Clean Water and Public School Facility activities funded by the issue of General Obligation Bonds.

Public School Building Capital Fund. To account for special funds accumulated from tax revenues for public school construction.

Critical School Facility Needs Fund. To account for funds designated for critical school needs.

N.C. Housing Trust Fund. To account for funds designated to increase the supply of decent, affordable and energy-efficient housing for low and moderate income residents of the State.

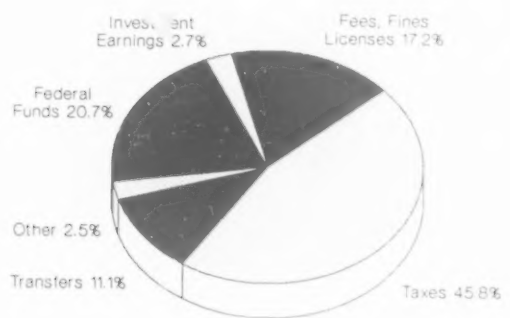
Industrial Development Fund. To account for funds designated to assist local governmental units in the most economically distressed counties of the State in creating jobs.

Main Street Financial Incentive Fund. To account for funds designated for downtown area revitatilzation.

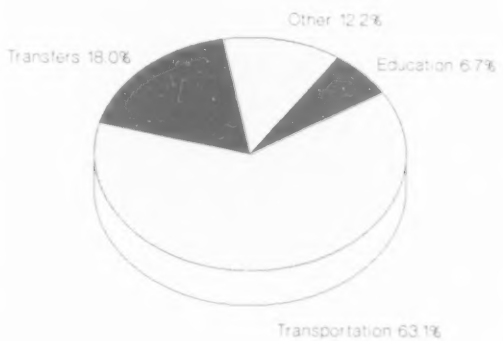
Innovation Research Fund Royalty Returns. To account for royalties generated by the Innovation Research Fund of the Technological Development Authority.

Departmental. To account for special activities of General Government funded by various State and other governmental grants.

Summary. The charts provide a breakdown of Special Revenue Funds revenues and expenditures for the year ended June 30, 1990, on the modified accrual basis of accounting. Under this basis, total revenues and other sources exceeded expenditures and other uses by $73.8 million in 1990.



Special Revenue Funds Revenues



Special Revenue Funds Expenditures

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Highway Fund	Highway Trust Fund	Bond Funds	Public School Building Capital Fund	Critical School Facility Needs Fund
Assets					
Cash and Cash Equivalents	$ 16,205	$ 4,350	$ -	$ -	$ -
Pooled Cash	308,040	194,908	17,056	114,670	88,295
Investments	-	-	-	-	-
Receivables:					
Accounts Receivable	17,944	41	47	-	-
Intergovernmental Receivables	54,678	43	140	-	-
Investment Earnings	2,481	1,387	-	808	622
Other Receivables	2,068	-	-	-	-
Interfund Receivables	55,058	-	-	-	-
Notes Receivable	-	-	-	-	-
Inventories	53,155	-	-	-	-
Prepaid Items	1,611	-	-	-	-
Securities Held in Trust	766	-	-	-	-
Total Assets	$ 512,006	$ 200,729	$ 17,243	$ 115,478	$ 88,917
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	$ 36,370	$ 1,391	$ -	$ -	$ -
Accrued Payroll	7,170	-	-	-	-
Intergovernmental Payables	68,820	13,768	484	-	-
Other Payables	8	-	-	-	-
Interfund Payables	23	58,396	187	-	-
Notes Payable	-	-	-	-	-
Deposits Payable	23,834	-	-	-	-
Deferred Revenue	1,732	-	-	-	-
Total Liabilities	137,957	73,555	671	-	-
Fund Balances:					
Reserved	66,912	-	-	48,920	33,086
Unreserved:					
Designated for Subsequent Years' Expenditures	307,137	127,174	16,572	66,558	55,831
Total Fund Balances	374,049	127,174	16,572	115,478	88,917
Total Liabilities and Fund Balances	$ 512,006	$ 200,729	$ 17,243	$ 115,478	$ 88,917

Exhibit C-1

N.C. Housing Trust Fund	Industrial Development Fund	Main Street Financial Incentive Fund	Innovation Research Fund Royalty Returns	Departmental Funds	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ -	$ -	$ 38	$ 20,593	$ 13,932
21,730	6,335	1,082	337	73,858	826,311	683,459
-	-	-	-	-	-	2,680
-	-	-	-	1,121	19,153	9,798
-	-	-	-	2,356	57,217	68,103
150	-	7	2	135	5,592	4,689
-	-	-	-	114	2,182	1,878
-	-	-	-	3,950	59,008	21,420
-	-	-	-	-	-	2,983
-	-	-	-	3,822	56,977	56,741
-	-	-	-	36	1,647	109
-	-	-	-	4,695	5,461	3,340
$ 21,880	$ 6,335	$ 1,089	$ 339	$ 90,125	$ 1,054,141	$ 869,132
$ -	$ 59	$ -	$ -	$ 3,795	$ 41,615	$ 26,726
-	-	-	-	8,820	15,990	7,312
-	-	-	-	3,416	86,488	71,304
-	-	-	-	1,033	1,041	329
-	-	-	-	452	59,058	1,739
-	-	-	-	-	-	2,983
-	-	-	-	4,695	28,529	24,668
-	-	-	-	604	2,336	1,738
-	59	-	-	22,815	235,057	136,799
-	-	-	-	3,822	152,740	112,561
21,880	6,276	1,089	339	63,488	666,344	619,772
21,880	6,276	1,089	339	67,310	819,084	732,333
$ 21,880	$ 6,335	$ 1,089	$ 339	$ 90,125	$ 1,054,141	$ 869,132

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Highway Fund	Highway Trust Fund	Bond Funds	Public School Building Capital Fund	Critical School Facility Needs Fund
Revenues:					
Taxes	$ 620,417	$ 349,580	$ -	$ -	$ -
Federal Funds	354,581	-	-	-	-
Local Funds	15,661	83	-	-	-
Investment Earnings	26,577	7,426	-	10,853	8,579
Sales and Services	-	-	-	-	-
Sale, Rental and Lease of Property	-	-	-	-	-
Fees, Licenses and Fines	258,244	52,323	-	-	-
Contributions, Gifts and Grants	6,089	-	-	-	-
Miscellaneous	14,718	33	-	-	-
Total Revenues	1,296,287	409,445	-	10,853	8,579
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Safety and Regulation	-	-	-	-	-
Corrections	-	-	-	-	-
Public Education and Community Colleges	-	-	229	57,422	37,887
Transportation	1,231,132	59,118	-	-	-
Health, Welfare and Rehabilitation	-	-	-	-	-
Resource Development and Preservation	-	-	3,140	-	-
Claims and Benefits Administration	-	-	-	-	-
Total Expenditures	1,231,132	59,118	3,369	57,422	37,887
Excess Revenues Over (Under) Expenditures	65,155	350,327	(3,369)	(46,569)	(29,308)
Other Financing Sources (Uses):					
Operating Transfers In	63,843	-	-	21,240	7,962
Operating Transfers Out	(127,942)	(223,153)	-	(462)	-
Total Other Financing Sources (Uses)	(64,099)	(223,153)	-	20,778	7,962
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,056	127,174	(3,369)	(25,791)	(21,346)
Fund Balances - July 1	374,569	-	19,941	141,269	110,263
Residual Equity Transfers:					
Transfers Out	-	-	-	-	-
Increase in Reserve for Related Assets	18,424	-	-	-	-
Fund Balances - June 30	$ 374,049	$ 127,174	$ 16,572	$ 115,478	$ 88,917

Exhibit C-2

N.C. Housing Trust Fund	Industrial Development Fund	Main Street Financial Incentive Fund	Innovation Research Fund Royalty Returns	Departmental Funds	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ -	$ -	$ 103	$ 970,100	$ 618,472
-	-	-	-	84,178	438,759	359,267
-	-	-	-	7,358	23,102	17,086
1,933	-	89	62	814	56,333	52,192
-	-	-	-	3,844	3,844	3,440
-	-	-	-	181	181	199
-	-	-	-	53,563	364,130	296,963
-	-	-	-	1,461	7,550	7,032
-	-	-	-	4,567	19,318	18,003
1,933	-	89	62	156,069	1,883,317	1,372,654
3,595	-	-	-	5,370	8,965	8,067
-	899	-	-	101,309	102,208	98,687
-	-	-	-	1,026	1,026	1,431
-	-	-	-	41,506	137,044	69,580
-	-	-	-	-	1,290,250	1,128,706
-	-	-	-	23,667	23,667	23,364
-	-	-	-	32,746	35,886	39,223
-	-	-	-	77,999	77,999	73,554
3,595	899	-	-	283,623	1,677,045	1,442,612
(1,662)	(899)	89	62	(127,554)	206,272	(69,958)
2,000	3,500	1,000	277	135,974	235,796	245,655
-	(40)	-	-	(16,715)	(368,312)	(144,508)
2,000	3,460	1,000	277	119,259	(132,516)	101,147
338	2,561	1,089	339	(8,295)	73,756	31,189
21,542	3,715	-	-	81,034	732,333	700,161
-	-	-	-	(5,148)	(5,148)	-
-	-	-	-	(281)	18,143	983
$ 21,880	$ 6,276	$ 1,089	$ 339	$ 67,310	$ 819,084	$ 732,333

COMPARATIVE SCHEDULES OF EXPENDITURES BY OBJECT
HIGHWAY FUND

For the Fiscal Years Ended June 30, 1990 and 1989 Exhibit C-3

(Expressed in Thousands)

	June 30, 1990	June 30, 1989
Current Expenditures:		
Personal Services	$ 342,716	$ 316,279
Employee Benefits	27,267	24,522
Contracted Personal Services	28,010	19,783
Supplies and Materials	111,342	112,190
Travel	7,673	7,135
Communications	5,733	5,371
Utilities	7,046	6,412
Other Services	20,376	21,235
Rental of Property and Equipment	8,877	6,266
Other Fixed Charges	4,729	7,679
Payments to Contractors	475,316	436,717
Acquisition of Right of Way	56,623	40,233
Capital Outlay	44,682	39,858
Grants, State Aid and Subsidies	86,620	82,126
Other Expenditures	4,122	1,781
Total Expenditures	$ 1,231,132	$ 1,127,587

COMBINING BALANCE SHEET
SPECIAL REVENUE BOND FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit C-4

(Expressed in Thousands)

	Highway	Clean Water	Public School Facilities	Totals June 30, 1990	Totals June 30, 1989
Assets					
Pooled Cash	$ -	$ 17,028	$ 28	**$ 17,056**	$ 20,598
Receivables:					
Accounts Receivable	47	-	-	**47**	47
Intergovernmental Receivables	140	-	-	**140**	291
Interfund Receivables	-	-	-	**-**	34
Total Assets	$ 187	$ 17,028	$ 28	**$ 17,243**	$ 20,970
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities:					
Intergovernmental Payables	$ -	$ 484	$ -	**$ 484**	$ 684
Interfund Payables	187	-	-	**187**	345
Total Liabilities	187	484	-	**671**	1,029
Fund Balances:					
Unreserved:					
Designated for Subsequent Years' Expenditures	-	16,544	28	**16,572**	19,941
Total Liabilities and Fund Balances	$ 187	$ 17,028	$ 28	**$ 17,243**	$ 20,970

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SPECIAL REVENUE BOND FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit C-5

(Expressed in Thousands)

	Highway	Clean Water	Public School Facilities	Totals June 30, 1990	Totals June 30, 1989
Revenues:					
Local Funds	$ -	$ -	$ -	$ -	$ 25
Total Revenues	-	-	-	-	25
Expenditures:					
Current:					
Public Education and Community Colleges	-	-	229	229	30
Transportation	-	-	-	-	1,119
Resource Development and Preservation	-	3,140	-	3,140	8,662
Total Expenditures	-	3,140	229	3,369	9,811
Excess Revenues (Under) Expenditures	-	(3,140)	(229)	(3,369)	(9,786)
Other Financing Sources (Uses):					
Operating Transfers Out	-	-	-	-	(80)
Total Other Financing Sources (Uses)	-	-	-	-	(80)
Excess Revenues and Other Sources (Under) Expenditures and Other Uses	-	(3,140)	(229)	(3,369)	(9,866)
Fund Balance - July 1	-	19,684	257	19,941	29,807
Fund Balances - June 30	$ -	$ 16,544	$ 28	$ 16,572	$ 19,941

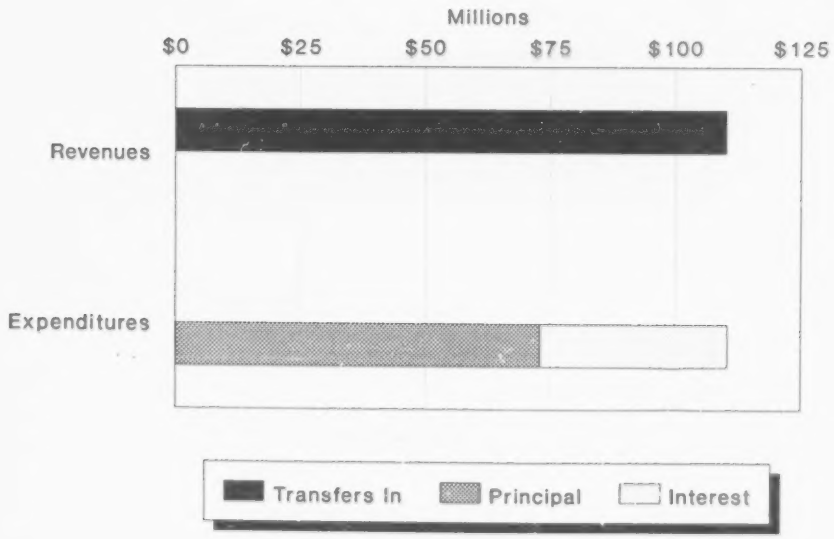
DEBT SERVICE FUNDS

The Debt Service Funds are maintained to account for the accumulation of resources for, and the payment of, principal and interest on General Long-Term Obligations not reported in the Proprietary Funds and University Funds. This debt includes General Obligation Bonds and ABC Commission Bonds.

The chart provides a breakdown of Debt Service Funds revenues and expenditures for the year ended June 30, 1990, on the modified accrual basis of accounting .

Debt Service expenditures for long-term debt reported in the General Long-Term Obligation Account Group are made through the Debt Service Fund.

Debt Service Funds Revenues and Expenditures



COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit D-1

(Expressed in Thousands)

	General Obligation Bonds	ABC Commission Bonds	Totals June 30, 1990	Totals June 30, 1989
Assets				
Cash and Cash Equivalents	$ 1,121	$ -	$ 1,121	$ 1,305
Pooled Cash	-	1,453	1,453	1,610
Interfund Receivables	-	-	-	27
Total Assets	$ 1,121	$ 1,453	$ 2,574	$ 2,942
Liabilities and Fund Balances				
Liabilities:				
Matured Bonds Payable	$ 775	$ -	$ 775	$ 965
Matured Interest Payable	346	-	346	367
Total Liabilities	1,121	-	1,121	1,332
Fund Balances:				
Reserved for Debt Service	-	1,453	1,453	1,610
Total Liabilities and Fund Balances	$ 1,121	$ 1,453	$ 2,574	$ 2,942

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DEBT SERVICE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit D-2

(Expressed in Thousands)

	General Obligation Bonds	ABC Commission Bonds	Totals June 30, 1990	Totals June 30, 1989
Revenues:				
Investment Earnings	$ -	$ -	$ -	$ 63
Total Revenues	-	-	-	63
Expenditures:				
Debt Service:				
Bond Principal Retirement	72,425	651	73,076	69,911
Bond Interest	37,059	261	37,320	41,069
Total Expenditures	109,484	912	110,396	110,980
Excess Revenues (Under) Expenditures	(109,484)	(912)	(110,396)	(110,917)
Other Financing Sources (Uses):				
Operating Transfers In	109,484	755	110,239	109,562
Total Other Financing Sources (Uses)	109,484	755	110,239	109,562
Excess Revenues and Other Sources (Under) Expenditures and Other Uses	-	(157)	(157)	(1,355)
Fund Balances - July 1	-	1,610	1,610	2,965
Fund Balances - June 30	$ -	$ 1,453	$ 1,453	$ 1,610

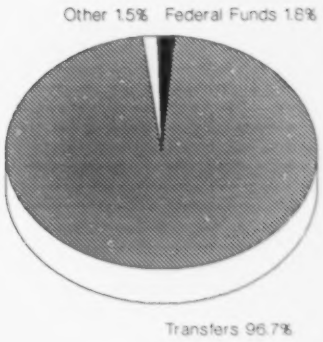
CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for those financial resources received and used for the acquisition, construction or improvement of major governmental General Fixed Assets financed principally by transfers from the General Fund or General Obligation Bonds.

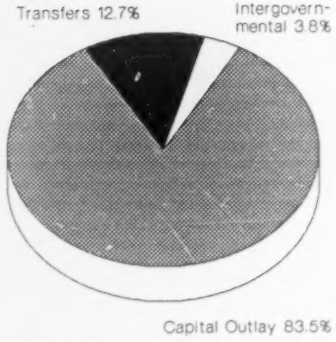
The charts provide a breakdown of Capital Projects Funds revenues and expenditures for the year ended June 30, 1990, on the modified accrual basis of accounting.

The net effect of revenues and other sources over expenditures and other uses and transfers was a decrease of $6.4 million in the Capital Projects fund balance.

Capital Projects Funds Revenues



Capital Projects Funds Expenditures



COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit E-1
(Expressed in Thousands)

Assets	Capital Projects Fund	Capital Improvement Bond Fund of 1988	Totals June 30, 1990	Totals June 30, 1989
Cash and Cash Equivalents	$ 59	$ -	$ 59	$ -
Pooled Cash	180,361	9,630	189,991	192,340
Receivables:				
Accounts Receivable	10	-	10	421
Intergovernmental Receivables	198	-	198	129
Investment Earnings	-	-	-	2
Interfund Receivables	106	-	106	106
Total Assets	$ 180,734	$ 9,630	$ 190,364	$ 192,998
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities:				
Accounts Payable	$ 8,563	$ 394	$ 8,957	$ 7,288
Intergovernmental Payables	282	-	282	22
Interfund Payables	7	-	7	28
Deposits Payable	3,571	428	3,999	2,155
Deferred Revenue	-	-	-	10
Total Liabilities	12,423	822	13,245	9,503
Fund Balances:				
Unreserved:				
Designated for Subsequent Years' Expenditures	168,311	8,808	177,119	183,495
Total Liabilities and Fund Balances	$ 180,734	$ 9,630	$ 190,364	$ 192,998

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit E-2

(Expressed in Thousands)

	Capital Projects Fund	Capital Improvement Bond Fund of 1988	Totals June 30, 1990	Totals June 30, 1989
Revenues:				
Federal Funds	$ 2,260	$ -	$ 2,260	$ 3,672
Local Funds	-	-	-	303
Investment Earnings	-	-	-	25
Sales and Services	266	-	266	284
Sale, Rental and Lease of Property	38	-	38	63
Contributions, Gifts and Grants	1,392	-	1,392	123
Miscellaneous	207	-	207	1,113
Total Revenues	4,163	-	4,163	5,583
Expenditures:				
Capital Outlay	101,700	2,423	104,123	73,398
Intergovernmental	4,744	-	4,744	3,682
Total Expenditures	106,444	2,423	108,867	77,080
Excess Revenues (Under) Expenditures	(102,281)	(2,423)	(104,704)	(71,497)
Other Financing Sources (Uses):				
Operating Transfers In	121,648	-	121,648	142,113
Operating Transfers Out	(14,399)	(1,493)	(15,892)	(54,836)
Proceeds From Bond Sale	-	-	-	20,499
Total Other Financing Sources (Uses)	107,249	(1,493)	105,756	107,776
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,968	(3,916)	1,052	36,279
Fund Balances - July 1	170,771	12,724	183,495	147,216
Residual Equity Transfers:				
Transfers Out	(7,428)	-	(7,428)	-
Fund Balances - June 30	$ 168,311	$ 8,808	$ 177,119	$ 183,495

ENTERPRISE FUNDS

The Enterprise Funds are maintained to account for the operations of State Government and Public Benefit Authorities that provide goods or services to the general public in a manner similar to private business enterprises. The costs of providing these goods or services are financed through user charges.

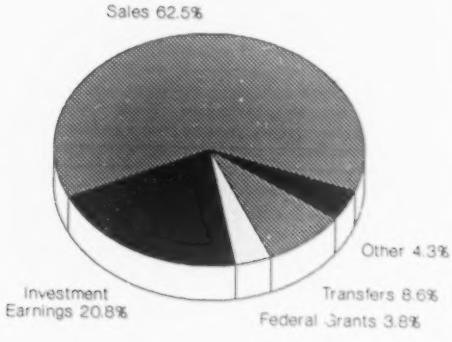
The following activities are included in the Enterprise Funds:

Governmental Enterprise Funds
- UNC Hospitals at Chapel Hill
- North Carolina State Fair
- USS North Carolina Battleship Commission
- Other Enterprise Funds:
  - Cultural Resources Historic Site Sales
  - Agricultural Farmers' Market
  - Services for the Blind
  - Indian Cultural Tourist Center

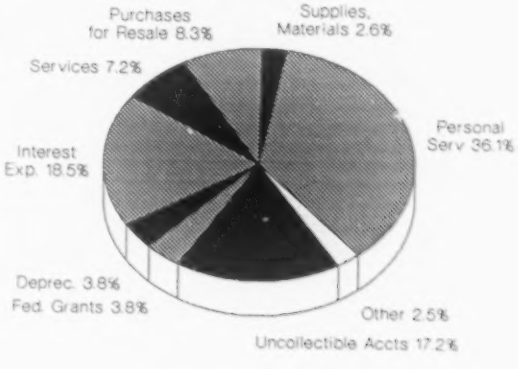
Public Benefit Authorities
- N.C. Housing Finance Agency
- State Ports Authority
- Ports Railway Commission
- N.C. Agricultural Finance Authority
- N.C. Low Level Radioactive Waste Management Authority

The charts provide a breakdown of Enterprise Funds revenues and expenses for the year ended June 30, 1990, on the accrual basis of accounting. Under this basis, net loss before operating transfers for all Enterprise Funds was $15.5 million in 1990.

Enterprise Fund Revenues



Enterprise Fund Expenses



COMBINING BALANCE SHEET
ENTERPRISE FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Enterprise Funds				
Assets	UNC Hospitals	N.C. State Fair	USS N.C. Battleship Commission	Other Funds	Total Governmental Enterprise Funds
Current Assets:					
Cash and Cash Equivalents	$ 78	$ -	$ 169	$ 1	$ 248
Pooled Cash	23,948	1,115	-	384	25,447
Investments	-	-	372	-	372
Receivables:					
Accounts Receivable	42,405	55	3	1	42,464
Intergovernmental Receivables	5,721	-	-	-	5,721
Investment Earnings	172	-	8	-	180
Interfund Receivables	-	10	-	-	10
Notes Receivable	-	-	-	-	-
Inventories	7,168	64	120	31	7,383
Prepaid Items	323	-	7	-	330
Total Current Assets	79,815	1,244	679	417	82,155
Non-Current Assets:					
Investments	7,107	-	853	-	7,960
Accounts Receivable	973	-	-	-	973
Notes Receivable	-	-	-	-	-
Prepaid Items	-	-	28	-	28
Goodwill	-	-	-	-	-
Securities Held in Trust	-	-	-	-	-
Total Non-Current Assets	8,080	-	881	-	8,961
Fixed Assets:					
Land	-	1,379	97	390	1,866
Buildings	72,959	12,125	1,130	1,141	87,355
Other Structures and Improvements	1,849	1,163	412	-	3,424
Machinery and Equipment	92,578	537	1,310	126	94,551
Construction in Progress	1,637	-	21	-	1,658
Accumulated Depreciation	(78,647)	(5,266)	(937)	(761)	(85,611)
Total Fixed Assets	90,376	9,938	2,033	896	103,243
Total Assets	$ 178,271	$ 11,182	$ 3,593	$ 1,313	$ 194,359

Exhibit F-1
Page 1 of 2

Public Benefit Authorities						Totals	
N.C. Housing Finance Agency	State Ports Authority	Ports Railway Commission	N.C. Agricultural Finance Authority	N.C. Low Level Radioactive Waste Management Authority	Total Public Benefit Authorities	June 30, 1990	June 30, 1989
$ 64,326	$ 237	$ 85	$ 326	$ 200	$ 65,174	**$ 65,422**	$ 22,500
2,577	6,473	307	43	3,306	12,706	**38,153**	39,414
-	10,475	350	-	-	10,825	**11,197**	9,298
14,931	3,865	9	218	247	19,270	**61,734**	46,229
-	-	-	-	-	-	**5,721**	552
5,130	-	9	11	7	5,157	**5,337**	5,443
-	-	-	-	-	-	**10**	10
-	-	-	630	-	630	**630**	31
-	783	-	-	-	783	**8,166**	6,769
-	214	2	-	-	216	**546**	410
86,964	22,047	762	1,228	3,760	114,761	**196,916**	130,656
181,342	-	-	-	-	181,342	**189,302**	170,915
-	-	-	-	-	-	**973**	1,143
762,666	8	-	-	-	762,674	**762,674**	752,106
18,912	126	-	-	-	19,038	**19,066**	18,086
-	-	141	-	-	141	**141**	-
-	-	-	-	-	-	**-**	240
962,920	134	141	-	-	963,195	**972,156**	943,490
-	9,738	750	-	-	10,488	**12,354**	10,796
-	65,762	180	-	-	65,942	**153,297**	147,485
-	12,596	-	-	-	12,596	**16,020**	15,427
312	33,261	399	-	11	33,983	**128,534**	115,192
-	29,720	-	-	6,891	36,611	**38,269**	28,475
(174)	(50,570)	(335)	-	(4)	(51,083)	**(136,694)**	(124,073)
138	100,507	994	-	6,898	108,537	**211,780**	193,302
$ 1,050,022	$ 122,688	$ 1,897	$ 1,228	$ 10,658	$ 1,186,493	**$ 1,380,852**	$ 1,267,448

COMBINING BALANCE SHEET
ENTERPRISE FUNDS (Continued)

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Enterprise Funds				
Liabilities and Fund Equity	UNC Hospitals	N.C. State Fair	USS N.C. Battleship Commission	Other Funds	Total Governmental Enterprise Funds
Liabilities:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	$ 6,840	$ 20	$ 38	$ 22	$ 6,920
Accrued Payroll	8,057	127	2	23	8,209
Intergovernmental Payables	2,662	-	-	-	2,662
Notes Payable	-	-	-	-	-
Claims Payable	1,030	-	-	-	1,030
Capital Leases Payable	130	-	-	-	130
Bonds Payable (Net of Discount)	-	-	75	-	75
Interest Payable	-	-	4	-	4
Deposits Payable	4,162	-	-	-	4,162
Accrued Vacation Leave	7,083	100	21	25	7,229
Deferred Revenue	-	305	-	-	305
Total Current Liabilities	29,964	552	140	70	30,726
Long-Term Liabilities:					
Obligation for Workers Compensation	-	-	-	-	-
Notes Payable	-	-	-	-	-
Interfund Payables	-	-	-	-	-
Claims Payable	3,316	-	-	-	3,316
Capital Leases Payable	93	-	-	-	93
Bonds Payable (Net of Discount)	-	-	480	-	480
Deposits Payable	-	-	-	-	-
Total Long-Term Liabilities	3,409	-	480	-	3,889
Total Liabilities	33,373	552	620	70	34,615
Fund Equity:					
Contributed Capital	-	9,447	-	1,402	10,849
Retained Earnings	144,898	1,183	2,973	(159)	148,895
Total Fund Equity	144,898	10,630	2,973	1,243	159,744
Total Liabilities and Fund Equity	$ 178,271	$ 11,182	$ 3,593	$ 1,313	$ 194,359

Public Benefit Authorities						Totals	
N.C. Housing Finance Agency	State Ports Authority	Ports Railway Commission	N.C. Agricultural Finance Authority	N.C. Low Level Radioactive Waste Management Authority	Total Public Benefit Authorities	June 30, 1990	June 30, 1989
$ 2,124	$ 3,283	$ 1	$ -	$ 1,153	$ 6,561	$ 13,481	$ 7,792
-	-	-	13	43	56	8,265	6,542
-	-	-	-	-	-	2,662	1,231
-	105	771	-	-	876	876	153
-	-	-	-	-	-	1,030	852
-	-	-	-	-	-	130	112
19,785	565	-	-	-	20,350	20,425	19,109
45,437	-	-	-	-	45,437	45,441	37,131
-	-	-	-	-	-	4,162	4,336
85	782	6	16	19	908	8,137	6,577
2,970	-	-	-	-	2,970	3,275	4,902
70,401	4,735	778	29	1,215	77,158	107,884	88,737
-	32	-	-	-	32	32	49
-	342	-	-	-	342	342	436
-	-	-	-	12,186	12,186	12,186	-
-	-	-	-	-	-	3,316	3,513
-	-	-	-	-	-	93	223
908,014	7,010	-	-	-	915,024	915,504	852,009
-	-	-	-	-	-	-	240
908,014	7,384	-	-	12,186	927,584	931,473	856,470
978,415	12,119	778	29	13,401	1,004,742	1,039,357	945,207
11,000	95,890	50	-	-	106,940	117,789	116,472
60,607	14,679	1,069	1,199	(2,743)	74,811	223,706	205,769
71,607	110,569	1,119	1,199	(2,743)	181,751	341,495	322,241
$ 1,050,022	$ 122,688	$ 1,897	$ 1,228	$ 10,658	$ 1,186,493	$ 1,380,852	$ 1,267,448

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Enterprise Funds				
	UNC Hospitals	N.C. State Fair	USS N.C. Battleship Commission	Other Funds	Total Governmental Enterprise Funds
Operating Revenues:					
Sales and Services	$ 252,354	$ 3,690	$ 1,603	$ 152	$ 257,799
Investment Earnings	1,018	-	99	-	1,117
Rental and Lease Earnings	183	1,879	2	393	2,457
Fees, Licenses and Fines	22	189	-	-	211
Contributions	-	-	6	-	6
Federal Grants	-	-	-	-	-
Miscellaneous	11,601	10	8	-	11,619
Allowances and Uncollectible Accounts	(73,168)	-	-	-	(73,168)
Total Operating Revenues	192,010	5,768	1,718	545	200,041
Operating Expenses:					
Personal Services	135,128	2,667	613	303	138,711
Supplies and Materials	9,129	174	46	30	9,379
Services	18,132	1,301	454	60	19,947
Interest	-	-	52	-	52
Purchases for Resale	35,026	-	329	49	35,404
Depreciation/Amortization	10,965	525	142	58	11,690
Federal Grants	-	-	-	-	-
Other	7,554	852	1	127	8,534
Total Operating Expenses	215,934	5,519	1,637	627	223,717
Operating Income (Loss)	(23,924)	249	81	(82)	(23,676)
Nonoperating Revenues (Expenses):					
Gain (Loss) on Sale of Equipment	(561)	4	-	-	(557)
Investment Earnings	-	-	-	-	-
Donations	262	-	-	-	262
Interest Expense	-	-	-	-	-
Fixed Asset Write-off	-	(94)	-	(17)	(111)
Development Stage Expense	-	-	-	-	-
Miscellaneous	-	-	-	5	5
Total Nonoperating Revenues (Expenses)	(299)	(90)	-	(12)	(401)
Income (Loss) Before Operating Transfers	(24,223)	159	81	(94)	(24,077)
Operating Transfers:					
Transfers In	38,159	-	-	-	38,159
Transfers Out	-	(780)	-	(2)	(782)
Total Operating Transfers In (Out)	38,159	(780)	-	(2)	37,377
Net Income (Loss) Before Extraordinary Loss	13,936	(621)	81	(96)	13,300
Extraordinary Loss	-	-	-	-	-
Net Income (Loss)	13,936	(621)	81	(96)	13,300
Fund Equity - July 1	131,624	9,933	2,892	1,221	145,670
Restatements	(661)	-	-	-	(661)
Residual Equity Transfers:					
Transfers In	-	-	-	118	118
Transfers Out	(1)	-	-	-	(1)
Increase in Contributed Capital	-	1,318	-	-	1,318
Fund Equity - June 30	$ 144,898	$ 10,630	$ 2,973	$ 1,243	$ 159,744

Exhibit F-2

Public Benefit Authorities						Totals	
N.C. Housing Finance Agency	State Ports Authority	Ports Railway Commission	N.C. Agricultural Finance Authority	N.C. Low Level Radioactive Waste Management Authority	Total Public Benefit Authorities	June 30, 1990	June 30, 1989
$ -	$ 23,300	$ -	$ -	$ -	$ 23,300	$ 281,099	$ 237,055
92,027	-	-	66	34	92,127	93,244	85,239
-	1,755	242	-	-	1,997	4,454	4,608
-	-	6	1	1,063	1,070	1,281	151
-	-	-	-	200	200	206	200
16,894	-	-	-	-	16,894	16,894	16,952
1,823	-	-	79	-	1,902	13,521	12,754
-	(206)	-	-	-	(206)	(73,374)	(49,814)
110,744	24,849	248	146	1,297	137,284	337,325	307,145
-	14,444	106	167	800	15,517	154,228	144,295
-	1,695	4	1	5	1,705	11,084	9,995
7,217	3,504	11	22	128	10,882	30,829	26,865
78,287	-	-	-	534	78,821	78,873	72,270
-	-	-	-	-	-	35,404	32,748
625	4,029	87	-	2	4,743	16,433	16,030
16,346	-	-	-	-	16,346	16,346	16,389
-	932	5	50	-	987	9,521	11,867
102,475	24,604	213	240	1,469	129,001	352,718	330,459
8,269	245	35	(94)	(172)	8,283	(15,393)	(23,314)
-	(1)	-	-	-	(1)	(558)	-
-	773	68	-	-	841	841	729
-	-	-	-	-	-	262	529
-	(338)	(15)	-	-	(353)	(353)	(366)
-	-	-	-	-	-	(111)	-
-	-	-	-	(211)	(211)	(211)	(974)
-	-	(5)	-	-	(5)	-	18
-	434	48	-	(211)	271	(130)	(64)
8,269	679	83	(94)	(383)	8,554	(15,523)	(23,378)
-	-	-	213	234	447	38,606	36,678
-	-	-	-	(281)	(281)	(1,063)	(440)
-	-	-	213	(47)	166	37,543	36,238
8,269	679	83	119	(430)	8,720	22,020	12,860
(551)	-	-	-	-	(551)	(551)	(729)
7,718	679	83	119	(430)	8,169	21,469	12,131
63,889	109,890	1,036	1,080	676	176,571	322,241	293,448
-	-	-	-	(2,989)	(2,989)	(3,650)	-
-	-	-	-	-	-	118	-
-	-	-	-	-	-	(1)	-
-	-	-	-	-	-	1,318	16,662
$ 71,607	$ 110,569	$ 1,119	$ 1,199	$ (2,743)	$ 181,751	$ 341,495	$ 322,241

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Governmental Enterprise Funds				
Sources of Working Capital	UNC Hospitals	N.C. State Fair	USS N.C. Battleship Commission	Other Funds	Total Governmental Enterprise Funds
Operations:					
Net Income (Loss) Before Extraordinary Item	$ 13,936	$ (621)	$ 81	$ (96)	$ 13,300
Items Not Requiring (Providing) Working Capital:					
Depreciation/Amortization	10,965	525	142	58	11,690
Fixed Asset Write-off	-	94	-	17	111
(Gain) Loss on Sale or Transfer of Fixed Assets	561	(4)	-	-	557
Working Capital Provided by Operations Before Extraordinary Item	25,462	(6)	223	(21)	25,658
Extraordinary Item	-	-	-	-	-
Working Capital Provided by Operations	25,462	(6)	223	(21)	25,658
Proceeds from Sale of Bonds, Net of Issuance Cost	-	-	-	-	-
Proceeds from Sale of Investments	-	-	-	-	-
Principal Collections on Loans	-	-	-	-	-
Other Sources:					
Proceeds from Sale of Fixed Assets	132	4	-	-	136
Miscellaneous	-	-	-	118	118
Capital Improvement Appropriation	-	-	-	-	-
Reduction in Non-Current Assets	170	-	-	-	170
Advance from General Fund	-	-	-	-	-
Total Sources of Working Capital	25,764	(2)	223	97	26,082
Uses of Working Capital					
Acquisition of Fixed Assets	15,594	89	171	-	15,854
Purchase of Investments	3,064	-	62	-	3,126
Purchase of Wholly-Owned Subsidiary	-	-	-	-	-
Purchase of Mortgage Loans Receivable	-	-	-	-	-
Other Uses:					
Retirement of Lease Obligation	-	-	-	-	-
Reclassification/Retirement of Long-Term Debt	-	-	75	-	75
Deferred Charges - Maintenance Dredging	-	-	-	-	-
Increase in Non-Current Assets	-	-	-	-	-
Reduction in Non-Current Liabilities	327	-	-	-	327
Other Uses	661	-	-	-	661
Total Uses of Working Capital	19,646	89	308	-	20,043
Net Increase (Decrease) in Working Capital	$ 6,118	$ (91)	$ (85)	$ 97	$ 6,039
Elements of Net Increase (Decrease) In Working Capital					
Cash and Cash Equivalents	$ (10)	$ -	$ 29	$ -	$ 19
Pooled Cash	4,688	75	-	131	4,894
Investments	-	-	(158)	-	(158)
Receivables:					
Accounts Receivable	1,811	(3)	2	1	1,811
Intergovernmental Receivables	5,169	-	-	-	5,169
Investment Earnings	80	-	3	-	83
Notes Receivable	-	-	-	-	-
Inventories	1,309	(5)	17	(4)	1,317
Prepaid Items	(21)	-	3	-	(18)
Payables:					-
Accounts Payable	(2,385)	14	28	(8)	(2,351)
Accrued Payroll	(1,537)	(108)	(1)	(21)	(1,667)
Intergovernmental Payables	(1,431)	-	-	-	(1,431)
Interfund Payables	-	-	-	-	-
Notes Payable	-	-	-	-	-
Claims Payable	(178)	-	-	-	(178)
Capital Leases Payable	(19)	1	-	-	(18)
Bonds Payable	-	-	(6)	-	(6)
Interest Payable	-	-	-	-	-
Deposits Payable	174	-	-	-	174
Accrued Vacation Leave	(1,532)	(20)	(2)	(2)	(1,556)
Deferred Revenue	-	(45)	-	-	(45)
Net Increase (Decrease) in Working Capital	$ 6,118	$ (91)	$ (85)	$ 97	$ 6,039

Exhibit F-3

Public Benefit Authorities						Totals	
N.C. Housing Finance Agency	State Ports Authority	Ports Railway Commission	N.C. Agricultural Finance Authority	N.C. Low Level Radioactive Waste Mgt. Authority	Total Public Benefit Authorities	June 30, 1990	June 30, 1989
$ 8,269	$ 679	$ 83	$ 119	$ (430)	$ 8,720	$ 22,020	$ 12,860
625	4,029	87	-	2	4,743	16,433	16,030
-	-	-	-	-	-	111	-
-	1	-	-	-	1	558	175
8,894	4,709	170	119	(428)	13,464	39,122	29,065
(551)	-	-	-	-	(551)	(551)	(729)
8,343	4,709	170	119	(428)	12,913	38,571	28,336
110,717	-	-	-	-	110,717	110,717	140,620
268,822	-	-	-	-	268,822	268,822	18,663
83,931	-	-	-	-	83,931	83,931	43,224
-	-	-	-	-	-	136	117
-	17	-	-	-	17	135	530
-	-	-	-	-	-	-	16,000
-	1	-	-	-	1	171	40
-	-	-	-	12,186	12,186	12,186	-
471,813	4,727	170	119	11,758	488,587	514,669	247,530
107	9,971	15	-	6,900	16,993	32,847	30,154
284,100	-	-	-	-	284,100	287,226	25,376
-	-	944	-	-	944	944	-
92,884	-	-	-	-	92,884	92,884	131,371
-	-	-	-	-	-	-	1
48,765	659	-	-	-	49,424	49,499	56,441
-	162	-	-	-	162	162	190
-	-	-	-	-	-	-	85
-	17	-	-	-	17	344	1,798
-	-	-	-	2,989	2,989	3,650	-
425,856	10,809	959	-	9,889	447,513	467,556	245,416
$ 45,957	$ (6,082)	$ (789)	$ 119	$ 1,869	$ 41,074	$ 47,113	$ 2,114
$ 42,758	$ (397)	$ 16	$ 326	$ 200	$ 42,903	$ 42,922	$ 9,775
(1,770)	(6,211)	307	(1,018)	2,537	(6,155)	(1,261)	8,885
-	2,457	(400)	-	-	2,057	1,899	(979)
13,699	(460)	(10)	218	247	13,694	15,505	881
-	-	-	-	-	-	5,169	(347)
(213)	-	9	11	4	(189)	(106)	2,759
-	-	-	599	-	599	599	31
-	80	-	-	-	80	1,397	(237)
-	153	1	-	-	154	136	63
(582)	(1,700)	-	1	(1,057)	(3,338)	(5,689)	309
-	-	-	(13)	(43)	(56)	(1,723)	(634)
-	-	-	-	-	-	(1,431)	(1,231)
-	-	-	-	-	-	-	683
-	(12)	(711)	-	-	(723)	(723)	121
-	-	-	-	-	-	(178)	(852)
-	-	-	-	-	-	(18)	(107)
(1,290)	(20)	-	-	-	(1,310)	(1,316)	(1,395)
(8,310)	-	-	-	-	(8,310)	(8,310)	(11,795)
-	-	-	-	-	-	174	508
(7)	28	(1)	(5)	(19)	(4)	(1,560)	(416)
1,672	-	-	-	-	1,672	1,627	(3,908)
$ 45,957	$ (6,082)	$ (789)	$ 119	$ 1,869	$ 41,074	$ 47,113	$ 2,114

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INTERNAL SERVICE FUNDS

The Internal Service Funds are maintained to account for the operations of State agencies that provide services to other State agencies, departments or other governmental units on a cost reimbursement basis.

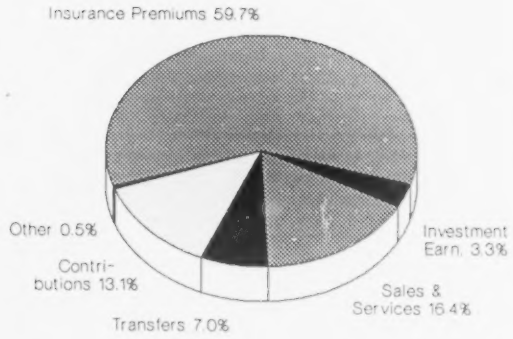
The following activities are included in the Internal Service Funds:

Prison Enterprises
Central Governmental Services:
- Telephone service
- Computer center
- Computer systems development
- Public telecommunications
- Printing
- Parking
- Courier service
- Office automation
- Temporary services

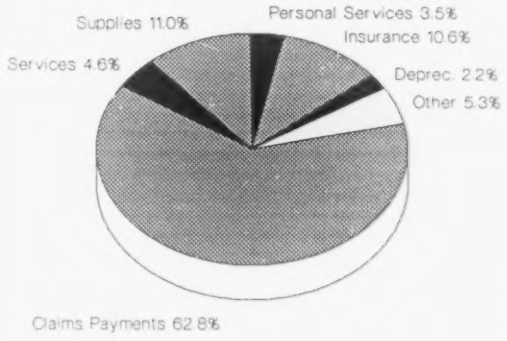
Motor Fleet Management
State Health Plan
Disability Income Plan of N.C.
Educational Materials and School Buses, which include textbooks, school buses and TV materials
N.C. Teachers' and State Employees' Benefit Trust
Public School Insurance Fund
State Property Fire Insurance Fund
Other Service Funds:
- John Umstead Hospital laundry and other service activities
- Cherry Hospital laundry
- Clerk of Courts Mimeographing
- Administration Federal Surplus Property

The charts provide a breakdown of Internal Service Funds revenues and expenses for the year ended June 30, 1990, on the accrual basis of accounting. Under this basis, net income before operating transfers for all Internal Service Funds was $2.8 million in 1990.

Internal Service Funds Revenues



Internal Service Funds Expenses



COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

Assets	Prison Enterprises	Central Government Services	Motor Fleet Management	Educational Materials and School Buses	State Health Plan
Current Assets:					
Cash and Cash Equivalents	$ 51	$ 3,426	$ 91	$ -	$ -
Pooled Cash	4,781	8,308	3,839	13,015	92,808
Investments	-	-	-	-	-
Pooled Investments	-	-	-	-	-
Receivables:					
Accounts Receivable	3,918	8,961	2,705	-	853
Intergovernmental Receivables	423	-	-	550	-
Investment Earnings	-	-	-	-	768
Premiums	-	-	-	-	71
Contributions	-	-	-	-	-
Interfund Receivables	205	-	-	6	-
Inventories	8,760	228	107	5,751	-
Prepaid Items	-	8	1	114	-
Total Current Assets	18,138	20,931	6,743	19,436	94,500
Non-Current Assets:					
Accounts Receivable	-	-	-	-	-
Prepaid Items	-	7	-	-	-
Total Non-Current Assets	-	7	-	-	-
Fixed Assets:					
Land	250	2,741	406	-	-
Buildings	6,402	5,125	620	-	-
Other Structures and Improvements	-	2,018	-	-	-
Machinery and Equipment	9,737	37,088	56,785	-	57
Construction in Progress	111	-	41	-	-
Accumulated Depreciation	(9,588)	(18,423)	(19,574)	-	(17)
Total Fixed Assets	6,912	28,549	38,278	-	40
Total Assets	$ 25,050	$ 49,487	$ 45,021	$ 19,436	$ 94,540

Exhibit G-1
Page 1 of 2

N.C. Teachers' and State Employees' Benefit Trust	Disability Income Plan of N.C.	Public School Insurance	State Property Fire Insurance	Other Funds	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ -	$ -	$ 115	$ 3,683	$ 1,450
10,889	3,342	14,782	1,712	1,690	155,166	162,577
-	-	-	-	-	-	17
92,940	56,672	20,000	9,370	-	178,982	105,685
1	484	560	79	599	18,160	17,247
-	-	-	-	1	974	6,455
26	18	243	86	-	1,141	1,087
-	2,755	-	-	-	2,826	2,415
9,485	-	-	-	-	9,485	6,178
-	-	-	-	-	211	314
-	-	-	-	264	15,110	17,708
-	-	366	-	7	496	314
113,341	63,271	35,951	11,247	2,676	386,234	321,447
-	-	-	-	-	-	1
-	-	-	-	-	7	8
-	-	-	-	-	7	9
-	-	-	-	38	3,435	3,184
-	-	-	-	7,001	19,148	18,094
-	-	-	-	1,948	3,966	3,480
-	-	-	-	2,718	106,385	99,248
-	-	-	-	8,189	8,341	7,147
-	-	-	-	(5,758)	(53,360)	(46,298)
-	-	-	-	14,136	87,915	84,855
$ 113,341	$ 63,271	$ 35,951	$ 11,247	$ 16,812	$ 474,156	$ 406,311

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS (Continued)

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

Liabilities and Fund Equity	Prison Enterprises	Central Government Services	Motor Fleet Management	Educational Materials and School Buses	State Health Plan
Liabilities:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	$ 1,373	$ 1,141	$ 1,073	$ 20,941	$ 712
Accrued Payroll	662	770	95	-	37
Intergovernmental Payables	-	-	-	4	-
Interfund Payables	115	298	3	1	-
Claims and Benefits Payable	-	-	-	-	70,183
Capital Leases Payable	-	2,240	-	-	-
Deposits Payable	-	-	-	-	-
Accrued Vacation Leave	609	683	68	-	25
Deferred Revenue	-	2	-	-	767
Total Current Liabilities	2,759	5,134	1,239	20,946	71,724
Long-Term Liabilities:					
Capital Leases Payable	-	2,589	-	-	-
Total Long-Term Liabilities	-	2,589	-	-	-
Total Liabilities	2,759	7,723	1,239	20,946	71,724
Fund Equity:					
Contributed Capital	2,869	6,252	21,199	-	-
Retained Earnings	19,422	35,512	22,583	(1,510)	22,816
Total Fund Equity	22,291	41,764	43,782	(1,510)	22,816
Total Liabilities and Fund Equity	$ 25,050	$ 49,487	$ 45,021	$ 19,436	$ 94,540

N.C. Teachers' and State Employees' Benefit Trust	Disability Income Plan of N.C.	Public School Insurance	State Property Fire Insurance	Other Funds	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ 5	$ -	$ 178	25,423	$ 14,470
-	-	34	-	156	1,754	106
-	-	-	-	-	4	2,099
139	-	-	70	2	628	278
4,654	26	2,449	206	-	77,518	71,690
-	-	-	-	-	2,240	3,271
-	-	-	-	28	28	23
-	-	32	-	237	1,654	1,422
-	-	1,563	1,205	79	3,616	3,085
4,793	26	4,083	1,481	680	112,865	96,444
-	-	-	-	-	2,589	1,032
-	-	-	-	-	2,589	1,032
4,793	26	4,083	1,481	680	115,454	97,476
-	-	-	-	16,107	46,427	44,702
108,548	63,245	31,868	9,766	25	312,275	264,133
108,548	63,245	31,868	9,766	16,132	358,702	308,835
$ 113,341	$ 63,271	$ 35,951	$ 11,247	$ 16,812	$ 474,156	$ 406,311

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Prison Enterprises	Central Governmental Services	Motor Fleet Management	Educational Materials and School Buses	State Health Plan
Operating Revenues:					
Sales and Services	$ 39,966	$ 53,745	$ 18,493	$ 3,997	$ 4,334
Rental and Lease Earnings	-	829	-	-	-
Fees, Licenses and Fines	-	4	297	489	-
Insurance Premiums	-	-	-	-	426,697
Contributions	-	-	-	-	-
Investment Earnings	-	-	-	-	9,210
Miscellaneous	-	-	6	950	34
Total Operating Revenues	39,966	54,578	18,796	5,436	440,275
Operating Expenses:					
Personal Services	7,315	11,950	1,385	1	561
Supplies and Materials	1,452	270	6,281	70,045	2
Services	1,640	21,752	238	108	8,259
Depreciation	1,087	5,762	8,910	-	11
Purchases for Resale	25,831	815	-	-	-
Claims and Benefits	-	-	-	-	423,462
Insurance and Bonding	-	29	781	-	-
Other	1,818	3,732	18	-	34
Total Operating Expenses	39,143	44,310	17,613	70,154	432,329
Operating Income (Loss)	823	10,268	1,183	(64,718)	7,946
Nonoperating Revenues (Expenses):					
Gain (Loss) on Sale of Property and Equipment	35	(25)	(564)	-	-
Insurance Recoveries	-	-	169	-	-
Interest Revenues (Expenses)	-	(175)	-	-	-
Fixed Asset Write-off	(594)	(2,240)	(60)	-	(42)
Miscellaneous	-	102	9	-	-
Total Nonoperating Revenues (Expenses)	(559)	(2,338)	(446)	-	(42)
Income (Loss) Before Operating Transfers	264	7,930	737	(64,718)	7,904
Operating Transfers:					
Operating Transfers In	-	1	1	54,819	-
Operating Transfers Out	(940)	(2,160)	-	-	-
Total Operating Transfers In (Out)	(940)	(2,159)	1	54,819	-
Net Income (Loss) Before Extraordinary Loss	(676)	5,771	738	(9,899)	7,904
Extraordinary Loss	-	-	-	-	-
Net Income (Loss)	(676)	5,771	738	(9,899)	7,904
Fund Equity - July 1	22,967	37,199	43,044	12,289	14,912
Residual Equity Transfers:					
Transfers Out	-	-	-	(3,900)	-
Increase (Decrease) in Contributed Capital	-	(1,206)	-	-	-
Fund Equity - June 30	$ 22,291	$ 41,764	$ 43,782	$ (1,510)	$ 22,816

Exhibit G-2

N.C. Teachers' and State Employees' Benefit Trust	Disability Income Plan of N.C.	Public School Insurance	State Property Fire Insurance	Other Funds	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ -	$ -	$ 6,655	$ 127,190	$ 120,867
-	-	-	-	57	886	898
975	-	-	-	2	1,767	2,155
-	28,872	3,515	6,324	-	465,408	393,794
102,193	-	-	-	4	102,197	74,461
8,107	4,520	3,061	1,014	2	25,914	20,603
-	-	134	-	4	1,128	1,350
111,275	33,392	6,710	7,338	6,724	724,490	614,128
-	-	424	-	3,710	25,346	23,502
-	-	5	-	1,658	79,713	69,767
-	-	68	-	1,022	33,087	31,739
-	-	-	-	414	16,184	13,022
-	-	-	-	-	26,646	24,680
17,306	8,974	2,631	1,521	-	453,894	352,635
67,462	-	4,031	4,008	-	76,311	64,423
290	236	35	-	220	6,383	5,398
85,058	9,210	7,194	5,529	7,024	717,564	585,166
26,217	24,182	(484)	1,809	(300)	6,926	28,962
-	-	-	-	-	(554)	(532)
-	-	-	-	-	169	159
-	-	-	-	-	(175)	(73)
-	-	-	-	(900)	(3,836)	-
-	-	-	-	121	232	257
-	-	-	-	(779)	(4,164)	(189)
26,217	24,182	(484)	1,809	(1,079)	2,762	28,773
-	-	-	1	-	54,822	57,263
-	-	-	(2,409)	(33)	(5,542)	(3,347)
-	-	-	(2,408)	(33)	49,280	53,916
26,217	24,182	(484)	(599)	(1,112)	52,042	82,689
-	-	-	-	-	-	(12)
26,217	24,182	(484)	(599)	(1,112)	52,042	82,677
82,331	39,063	32,352	10,365	14,313	308,835	224,025
-	-	-	-	-	(3,900)	(11)
-	-	-	-	2,931	1,725	2,144
$ 108,548	$ 63,245	$ 31,868	$ 9,766	$ 16,132	$ 358,702	$ 308,835

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Prison Enterprises	Central Governmental Services	Motor Fleet Management	Educational Materials and School Buses	State Health Plan
Sources of Working Capital					
Operations:					
Net Income (Loss) Before Extraordinary Item	$ (676)	$ 5,771	$ 738	$ (9,899)	$ 7,904
Items Not Requiring (Providing) Working Capital:					
Depreciation/Amortization	1,087	5,762	8,910	-	11
Fixed Asset Write-off	594	2,240	60	-	42
(Gain) Loss on Sale or Transfer of Fixed Assets	(35)	25	564	-	-
Working Capital Provided by Operations Before Extraordinary Item	970	13,798	10,272	(9,899)	7,957
Extraordinary Item	-	-	-	-	-
Working Capital Provided by Operations	970	13,798	10,272	(9,899)	7,957
Other Sources:					
Proceeds from Sale of Fixed Assets	43	316	1,879	-	-
Proceeds from Issuance of Capital Leases	-	3,923	-	-	-
Contributed Capital	-	(1,206)	-	-	-
Other	-	-	-	-	-
Total Sources of Working Capital	1,013	16,831	12,151	(9,899)	7,957
Uses of Working Capital					
Acquisition of Fixed Assets	710	10,872	11,224	-	-
Residual Equity Transfers	-	-	-	3,900	-
Other Uses:					
Retirement of Revenue Bonds	-	-	-	-	-
Reclassification of Capital Leases	-	2,365	-	-	-
Total Uses of Working Capital	710	13,237	11,224	3,900	-
Net Increase (Decrease) in Working Capital	$ 303	$ 3,594	$ 927	$ (13,799)	$ 7,957
Elements of Net Increase (Decrease) In Working Capital					
Cash and Cash Equivalents	$ 50	$ 2,327	$ (194)	$ -	$ -
Pooled Cash	2,620	2,421	854	421	9,562
Investments	-	-	-	-	-
Pooled Investments	-	-	-	-	-
Receivables:					
Accounts Receivable	947	(1,146)	547	(87)	244
Intergovernmental Receivables	(152)	-	-	(5,330)	-
Investment Earnings	-	-	-	-	63
Premiums	-	-	-	-	10
Contributions	-	-	-	-	-
Interfund Receivables	14	(101)	-	(16)	-
Inventories	(2,036)	(57)	-	(532)	-
Prepaid Items	-	(5)	1	114	-
Payables:					
Accounts Payable	(462)	264	(185)	(10,466)	(119)
Accrued Payroll	(619)	(710)	(95)	-	(37)
Intergovernmental Payables	-	-	-	2,095	-
Interfund Payables	(5)	(298)	(3)	2	-
Notes Payable	-	-	-	-	-
Claims and Benefits Payable	-	-	-	-	(1,868)
Capital Leases Payable	-	1,031	-	-	-
Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Accrued Vacation Payable	(54)	(133)	2	-	-
Deferred Revenue	-	1	-	-	102
Net Increase (Decrease) in Working Capital	$ 303	$ 3,594	$ 927	$ (13,799)	$ 7,957

Exhibit G-3

N.C. Teachers' and State Employees' Benefit Trust	Disability Income Plan of N.C.	Public School Insurance	State Property Fire Insurance	Other Funds	Totals June 30, 1990	Totals June 30, 1989
$ 26,217	$ 24,182	$ (484)	$ (599)	$ (1,112)	$ 52,042	$ 82,689
-	-	-	-	414	16,184	13,022
-	-	-	-	900	3,836	-
-	-	-	-	-	554	532
26,217	24,182	(484)	(599)	202	72,616	96,243
-	-	-	-	-	-	(12)
26,217	24,182	(484)	(599)	202	72,616	96,231
-	-	-	-	-	2,238	2,283
-	-	-	-	-	3,923	-
-	-	-	-	2,931	1,725	2,144
-	-	-	-	3	3	-
26,217	24,182	(484)	(599)	3,136	80,505	100,658
-	-	-	-	3,068	25,874	22,337
-	-	-	-	-	3,900	11
-	-	-	-	-	-	1,350
-	-	-	-	-	2,365	3,358
-	-	-	-	3,068	32,139	27,056
$ 26,217	$ 24,182	$ (484)	$ (599)	$ 68	$ 48,366	$ 73,602
$ -	$ -	$ -	$ (5)	$ 55	$ 2,233	$ (719)
3,522	1,802	(19,298)	(9,461)	146	(7,411)	27,947
-	-	-	-	(17)	(17)	17
22,211	21,716	20,000	9,370	-	73,297	44,696
(1)	225	319	(184)	49	913	3,882
-	-	-	-	1	(5,481)	(924)
(9)	1	(4)	4	(1)	54	257
-	401	-	-	-	411	2,354
3,307	-	-	-	-	3,307	(1,822)
-	-	-	-	-	(103)	(2,138)
-	-	-	-	27	(2,598)	(366)
-	-	65	-	7	182	13
-	-	(2)	-	17	(10,953)	4,492
-	-	(34)	-	(153)	(1,648)	(21)
-	-	-	-	-	2,095	(1,070)
19	-	-	(63)	(2)	(350)	627
-	-	-	-	-	-	18
(2,832)	37	(1,363)	198	-	(5,828)	(3,516)
-	-	-	-	-	1,031	1,729
-	-	-	-	-	-	65
-	-	-	-	-	-	50
-	-	-	-	(5)	(5)	(4)
-	-	(5)	-	(42)	(232)	(776)
-	-	(162)	(458)	(14)	(531)	(1,189)
$ 26,217	$ 24,182	$ (484)	$ (599)	$ 68	$ 48,366	$ 73,602

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TRUST AND AGENCY FUNDS

The Trust and Agency Funds are maintained to account for assets held by the State in the capacity of a trustee or agency. These funds include Expendable Trusts, Nonexpendable Trusts, Pension Trusts and Agency Funds.

The following activities are included in the Trust and Agency Funds:

Expendable Trusts. Various trust funds administered by the State, including significant funds for unemployment compensation, the state escheat fund, the 401(K) Supplemental Retirement Income Fund, the N.C. Candidates Financing Fund, the Solid Waste Management Loan Trust Fund, the Recreation and Natural Heritage Trust Fund and numerous departmental trusts. These funds are accounted for on the modified accrual basis of accounting.

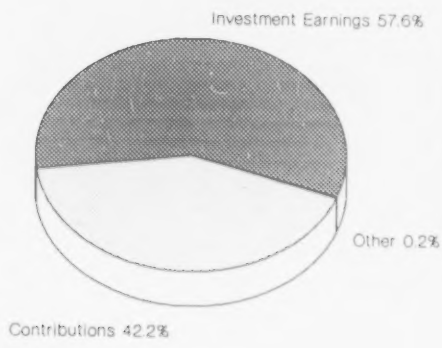
Nonexpendable Trusts. Seven trust funds administered by the State primarily related to loan programs, wildlife endowment program and the clean water program. These funds are accounted for on the accrual basis of accounting.

Pension Trusts. Six trust funds reflecting the activities of the retirement systems administered by the State. Employees participate in the respective retirement system to which their agency contributes. These funds are accounted for on the accrual basis of accounting.

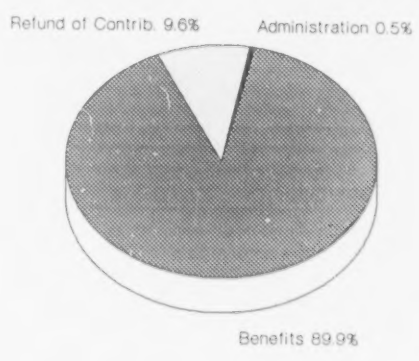
Agency Funds. Numerous departmental funds and Employee Deferred Compensation Plan for which the State acts solely in a custodial capacity. Assets equal Liabilities.

The charts provide a breakdown of Pension Trust Funds revenues and expenses for the year ended June 30, 1990, on the accrual basis of accounting.

Pension Trust Funds Revenues



Pension Trust Funds Expenses



COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Expendable Trust Funds	Nonexpendable Trust Funds	Pension Trust Funds
Assets			
Cash and Cash Equivalents	$ 1,545,750	$ 53	$ -
Pooled Cash	170,197	36,069	93,518
Investments	196,192	615	-
Pooled Investments	76,003	18,140	16,486,993
Receivables:			
Accounts Receivable	11,441	-	363
Intergovernmental Receivables	1,491	-	-
Investment Earnings	1,365	704	783
Contributions	-	-	94,629
Interfund Receivables	550	-	-
Notes Receivable	14,693	19,621	-
Inventories	714	-	-
Securities Held in Trust	-	-	-
Total Assets	$ 2,018,396	$ 75,202	$ 16,676,286
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Liabilities:			
Accounts Payable	$ 631	$ -	$ 2
Accrued Payroll	15	-	-
Intergovernmental Payables	305	-	-
Due to Plan Participants	-	-	-
Interfund Payables	6,060	-	2
Claims and Benefits Payable	1,279	-	106
Deposits Payable	60	-	-
Deferred Revenue	5,988	-	-
Total Liabilities	14,338	-	110
Fund Balances:			
Reserved	1,992,749	75,202	16,676,176
Unreserved:			
Undesignated	11,309	-	-
Total Fund Balances	2,004,058	75,202	16,676,176
Total Liabilities and Fund Balances	$ 2,018,396	$ 75,202	$ 16,676,286

Exhibit H-1

Agency Funds			Totals	
Departmental	Deferred Compensation Plan	Total Agency	June 30, 1990	June 30, 1989
$ 72,643	$ 335	$ 72,978	$ 1,618,781	$ 1,528,701
147,292	-	147,292	447,076	373,008
57,428	179,814	237,242	434,049	326,418
-	-	-	16,581,136	14,845,002
1,046	-	1,046	12,850	11,322
3,880	-	3,880	5,371	3,170
752	-	752	3,604	2,705
-	1,759	1,759	96,388	85,637
887	-	887	1,437	8,824
-	-	-	34,314	27,145
-	-	-	714	692
321,708	-	321,708	321,708	250,652
$ 605,636	$ 181,908	$ 787,544	$ 19,557,428	$ 17,463,276
$ 293	$ -	$ 293	$ 926	$ 1,830
-	-	-	15	6
133,962	-	133,962	134,267	101,078
-	181,908	181,908	181,908	152,401
4,420	-	4,420	10,482	33,467
7,920	-	7,920	9,305	8,031
459,036	-	459,036	459,096	382,547
5	-	5	5,993	6,775
605,636	181,908	787,544	801,992	686,135
-	-	-	18,744,127	16,765,889
-	-	-	11,309	11,252
-	-	-	18,755,436	16,777,141
$ 605,636	$ 181,908	$ 787,544	$ 19,557,428	$ 17,463,276

COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Unemployment Compensation Funds	Escheat Fund	401(K) Supplemental Retirement Income Plan	N.C. Candidates' Financing Fund
Assets				
Cash and Cash Equivalents	$ 1,503,065	$ -	$ 42,186	$ -
Pooled Cash	140,316	8,697	-	24
Investments	-	-	196,178	-
Pooled Investments	-	61,893	-	-
Receivables:				
Accounts Receivable	11,251	-	-	31
Intergovernmental Receivables	1,491	-	-	-
Investment Earnings	969	60	-	-
Interfund Receivables	184	-	139	-
Notes Receivable	-	-	11,323	-
Inventories	-	-	-	-
Total Assets	$ 1,657,276	$ 70,650	$ 249,826	$ 55
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities:				
Accounts Payable	$ 300	$ 155	$ -	$ -
Accrued Payroll	-	-	-	-
Intergovernmental Payables	-	-	-	-
Interfund Payables	-	5,127	-	-
Claims and Benefits Payable	622	-	-	-
Deposits Payable	-	-	-	-
Deferred Revenue	5,898	-	-	-
Total Liabilities	6,820	5,282	-	-
Fund Balances:				
Reserved	1,650,456	65,368	249,826	-
Unreserved:				
Undesignated	-	-	-	55
Total Fund Balances	1,650,456	65,368	249,826	55
Total Liabilities and Fund Balances	$ 1,657,276	$ 70,650	$ 249,826	$ 55

Exhibit H-2

Solid Waste Management Loan Trust Fund	Recreation and Natural Heritage Trust Fund	Departmental	Totals June 30, 1990	Totals June 30, 1989
$ -	$ -	$ 499	$ 1,545,750	$ 1,403,685
355	1,181	19,624	170,197	134,349
-	-	14	196,192	174,941
-	-	14,110	76,003	55,705
-	-	159	11,441	9,928
-	-	-	1,491	1,376
16	7	313	1,365	1,014
-	-	227	550	903
-	-	3,370	14,693	10,359
-	-	714	714	692
$ 371	$ 1,188	$ 39,030	$ 2,018,396	$ 1,792,952
$ -	$ -	$ 176	$ 631	$ 681
-	-	15	15	6
-	-	305	305	220
371	-	562	6,060	5,159
-	-	657	1,279	1,454
-	-	60	60	-
-	-	90	5,988	6,775
371	-	1,865	14,338	14,295
-	1,188	25,911	1,992,749	1,767,405
-	-	11,254	11,309	11,252
-	1,188	37,165	2,004,058	1,778,657
$ 371	$ 1,188	$ 39,030	$ 2,018,396	$ 1,792,952

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Unemployment Compensation Funds	Escheat Fund	401(K) Supplemental Retirement Income Plan	N.C. Candidates' Financing Fund
Revenues:				
Taxes	$ 256,370	$ -	$ -	$ -
Federal Funds	6,410	-	-	-
Local Funds	-	-	-	-
Investment Earnings	138,119	5,975	20,553	2
Interest Earnings on Loans	-	-	561	-
Sales and Services	-	-	-	-
Sale, Rental and Lease of Property	-	-	-	-
Fees, Licenses and Fines	-	-	1,759	-
Contributions	-	-	56,043	36
Miscellaneous	-	-	-	-
Total Revenues	400,899	5,975	78,916	38
Expenditures:				
Current:				
General Government	-	740	1,657	-
Public Safety and Regulation	-	-	-	-
Corrections	-	-	-	-
Education	-	-	-	-
Health, Welfare and Rehabilitation	-	-	-	-
Resource Development and Preservation	-	-	-	-
Agriculture	-	-	-	-
Claims and Benefits	247,772	-	9,389	-
Total Expenditures	247,772	740	11,046	-
Excess Revenues Over Expenditures	153,127	5,235	67,870	38
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(5,881)	(5,127)	-	-
Funds Escheated	-	10,770	-	-
Refund of Funds Escheated	-	(1,904)	-	-
Total Other Financing Sources (Uses)	(5,881)	3,739	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	147,246	8,974	67,870	38
Fund Balances - July 1	1,503,210	56,394	181,956	17
Restatements	-	-	-	-
Residual Equity Transfers:				
Transfers Out	-	-	-	-
Increase in Reserve for Inventories	-	-	-	-
Fund Balances - June 30	$ 1,650,456	$ 65,368	$ 249,826	$ 55

Exhibit H-3

Solid Waste Management Loan Trust Fund	Recreation and Natural Heritage Trust Fund	Departmental	Totals June 30, 1990	June 30, 1989
$ -	$ -	$ -	$ 256,370	$ 232,304
-	-	13	6,423	6,600
-	-	165	165	150
-	40	2,612	167,301	137,694
-	-	255	816	379
-	-	13,910	13,910	13,484
-	-	963	963	906
-	-	6,102	7,861	9,962
-	-	1,190	57,269	47,500
-	-	440	440	293
-	40	25,650	511,518	449,272
-	-	430	2,827	2,835
-	-	2,320	2,320	1,851
-	-	13,190	13,190	12,578
-	-	537	537	559
-	-	851	851	754
-	21	157	178	250
-	-	562	562	576
-	-	5,471	262,632	221,218
-	21	23,518	283,097	240,621
-	19	2,132	228,421	208,651
-	1,004	561	1,565	2,174
-	-	(1,087)	(12,095)	(7,805)
-	-	-	10,770	9,570
-	-	-	(1,904)	(1,859)
-	1,004	(526)	(1,664)	2,080
-	1,023	1,606	226,757	210,731
-	165	36,915	1,778,657	1,567,865
-	-	(28)	(28)	-
-	-	(1,350)	(1,350)	-
-	-	22	22	61
$ -	$ 1,188	$ 37,165	$ 2,004,058	$ 1,778,657

COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Public Education Loan Funds	Community Colleges Loans and Scholarships	Wildlife Endowment Program	Clean Water Fund
Assets				
Cash and Cash Equivalents	$ -	$ -	$ -	$ 53
Pooled Cash	4,648	4,209	22	26,733
Investments	-	615	-	-
Pooled Investments	-	-	18,140	-
Receivables:			-	
Investment Earnings	329	18	151	205
Notes Receivable	9,429	15	-	10,127
Total Assets	$ 14,406	$ 4,857	$ 18,313	$ 37,118
Liabilities and Fund Balances				
Liabilities:				
Intergovernmental Payables	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved	14,406	4,857	18,313	37,118
Total Fund Balances	14,406	4,857	18,313	37,118
Total Liabilities and Fund Balances	$ 14,406	$ 4,857	$ 18,313	$ 37,118

Exhibit H-4

Other Funds	Totals June 30, 1990	June 30, 1989
$ -	$ 53	$ -
457	36,069	51,173
-	615	602
-	18,140	-
1	704	636
50	19,621	16,686
$ 508	$ 75,202	$ 69,097
$ -	$ -	$ 1
-	-	1
508	75,202	69,096
508	75,202	69,096
$ 508	$ 75,202	$ 69,097

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Public Education Loan Funds	Community Colleges Loans and Scholarships	Wildlife Endowment Program	Clean Water Fund
Operating Revenues:				
Investment Earnings	$ 617	$ 424	$ 1,543	$ 2,489
Interest Earnings on Loans	200	-	-	256
Fees, Licenses and Fines	-	-	967	97
Contributions	-	86	11	-
Total Operating Revenues	817	510	2,521	2,842
Operating Expenses:				
Personal Services	-	7	-	-
Loan Cancellation and Write-offs	10,979	-	-	-
Grants to Local Governments	-	-	-	1,270
Other Expenses	1	497	-	-
Total Operating Expenses	10,980	504	-	1,270
Operating Income (Loss)	(10,163)	6	2,521	1,572
Operating Transfers:				
Operating Transfers In	7,800	-	-	8,694
Operating Transfers Out	(64)	-	(608)	(66)
Total Operating Transfers In (Out)	7,736	-	(608)	8,628
Net Income (Loss)	(2,427)	6	1,913	10,200
Fund Balances - July 1	20,433	4,851	16,400	26,918
Residual Equity Transfers:				
Transfers Out	(3,600)	-	-	-
Fund Balances - June 30	$ 14,406	$ 4,857	$ 18,313	$ 37,118

Exhibit H-5

Other Funds	Totals June 30, 1990	Totals June 30, 1989
$ 20	$ 5,093	$ 4,483
-	456	166
26	1,090	886
-	97	91
46	6,736	5,626
-	7	6
-	10,979	274
-	1,270	7,020
-	498	507
-	12,754	7,807
46	(6,018)	(2,181)
-	16,494	31,800
(32)	(770)	(991)
(32)	15,724	30,809
14	9,706	28,628
494	69,096	40,468
-	(3,600)	-
$ 508	$ 75,202	$ 69,096

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION NONEXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Public Education Loan Funds	Community Colleges Loans and Scholarships	Wildlife Endowment Program	Clean Water Fund
Sources of Working Capital				
Operations:				
Net Income (Loss)	$ (2,427)	$ 6	$ 1,913	$ 10,200
Working Capital Provided by Operations	(2,427)	6	1,913	10,200
Other Sources:				
Collection of Long-Term Notes Receivable	-	-	-	181
Reclassification of Long-Term Notes Receivable to Current Notes Receivable	-	-	-	194
Total Sources of Working Capital	(2,427)	6	1,913	10,575
Uses of Working Capital				
Other Uses:				
Issuance of Long-Term Notes Receivable	-	-	-	7,482
Residual Equity Transfer	3,600	-	-	-
Total Uses of Working Capital	3,600	-	-	7,482
Net Increase (Decrease) in Working Capital	$ (6,027)	$ 6	$ 1,913	$ 3,093
Elements of Net Increase (Decrease) in Working Capital				
Cash and Cash Equivalents	$ -	$ -	$ -	$ 53
Pooled Cash	(1,710)	6	(16,255)	2,815
Investments	-	13	-	-
Pooled Investments	-	-	18,140	-
Receivables:				
Intergovernmental Receivables	-	-	-	-
Investment Earnings	23	(13)	28	31
Notes Receivable	(4,340)	(1)	-	194
Intergovernmental Payables	-	1	-	-
Interfund Payables	-	-	-	-
Net Increase (Decrease) in Working Capital	$ (6,027)	$ 6	$ 1,913	$ 3,093

Exhibit H-6

Other Funds	Totals June 30, 1990	June 30, 1989
$ 14	$ 9,706	$ 28,628
14	9,706	28,628
25	206	25
-	194	-
39	10,106	28,653
-	7,482	2,826
-	3,600	-
-	11,082	2,826
$ 39	$ (976)	$ 25,827
$ -	$ 53	$ -
40	(15,104)	21,248
-	13	5
-	18,140	-
-	-	(1)
(1)	68	(77)
-	(4,147)	4,643
-	1	8
-	-	1
$ 39	$ (976)	$ 25,827

COMBINING BALANCE SHEET
PENSION TRUST FUNDS

June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Teachers' and State Employees' Retirement System	Consolidated Judicial Retirement System	Legislative Retirement System
Assets			
Pooled Cash	$ 50,847	$ 2,379	$ 469
Pooled Investments	13,345,823	92,886	4,942
Receivables:			
Accounts Receivable	213	-	-
Investment Earnings	383	13	3
Contributions	74,986	775	71
Total Assets	$ 13,472,252	$ 96,053	$ 5,485
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Liabilities:			
Accounts Payable	$ -	$ -	$ -
Interfund Payables	-	-	-
Benefits Payable	70	-	-
Total Liabilities	70	-	-
Fund Balances:			
Reserved	13,472,182	96,053	5,485
Total Fund Balances	13,472,182	96,053	5,485
Total Liabilities and Fund Balances	$ 13,472,252	$ 96,053	$ 5,485

Exhibit H-7

Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund	Local Governmental Employees' Retirement System	Totals June 30, 1990	Totals June 30, 1989
$ 579	$ 2,561	$ 36,683	$ 93,518	$ 55,335
73,332	6,956	2,963,054	16,486,993	14,789,297
-	-	150	363	357
5	18	361	783	618
-	-	18,797	94,629	83,892
$ 73,916	$ 9,535	$ 3,019,045	$ 16,676,286	$ 14,929,499
$ 2	$ -	$ -	$ 2	$ 1
2	-	-	2	2
-	3	33	106	108
4	3	33	110	111
73,912	9,532	3,019,012	16,676,176	14,929,388
73,912	9,532	3,019,012	16,676,176	14,929,388
$ 73,916	$ 9,535	$ 3,019,045	$ 16,676,286	$ 14,929,499

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)

(Expressed in Thousands)

	Teachers' and State Employees' Retirement System	Consolidated Judicial Retirement System	Legislative Retirement System
Operating Revenues:			
Investment Earnings	$ 1,155,613	$ 8,124	$ 423
Fees, Licenses and Fines	-	-	-
Contributions	822,696	9,417	1,168
Miscellaneous	470	-	-
Total Operating Revenues	1,978,779	17,541	1,591
Operating Expenses:			
Administration	2,561	22	1
Benefits	545,623	5,901	265
Refund of Contributions	44,011	71	2
Total Operating Expenses	592,195	5,994	268
Net Income	1,386,584	11,547	1,323
Fund Balances - July 1	12,085,598	84,506	4,162
Fund Balances - June 30	$ 13,472,182	$ 96,053	$ 5,485

Exhibit H-8

Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund	Local Governmental Employees' Retirement System	Totals	
			June 30, 1990	June 30, 1989
$ 6,506	$ 807	$ 258,656	$ 1,430,129	$ 1,309,216
-	-	4,386	4,386	4,549
6,888	2,209	205,693	1,048,071	968,116
-	-	19	489	366
13,394	3,016	468,754	2,483,075	2,282,247
-	11	894	3,489	3,757
6,350	908	102,939	661,986	591,052
290	-	26,438	70,812	63,762
6,640	919	130,271	736,287	658,571
6,754	2,097	338,483	1,746,788	1,623,676
67,158	7,435	2,680,529	14,929,388	13,305,712
$ 73,912	$ 9,532	$ 3,019,012	$ 16,676,176	$ 14,929,388

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989)
(Expressed in Thousands)

	Teachers' and State Employees' Retirement System	Consolidated Judicial Retirement System	Legislative Retirement System
Sources of Working Capital			
Operations:			
Net Income	$ 1,386,584	$ 11,547	$ 1,323
Total Sources of Working Capital	1,386,584	11,547	1,323
Uses of Working Capital:			
None	-	-	-
Net Increase in Working Capital	$ 1,386,584	$ 11,547	$ 1,323
Elements of Net Increase (Decrease) in Working Capital			
Pooled Cash	$ 13,445	$ 1,190	$ (71)
Pooled Investments	1,364,168	10,297	1,391
Receivables:			
Accounts Receivable	1	-	-
Investment Earnings	(16)	3	-
Contributions	8,993	55	3
Payables:			
Accounts Payable	-	-	-
Interfund Payables	-	-	-
Benefits Payable	(7)	2	-
Net Increase in Working Capital	$ 1,386,584	$ 11,547	$ 1,323

Exhibit H-9

Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund	Local Governmental Employees' Retirement System	Totals	
			June 30, 1990	June 30, 1989
$ 6,754	$ 2,097	$ 338,483	**$ 1,746,788**	$ 1,623,676
6,754	2,097	338,483	**1,746,788**	1,623,676
-	-	-	**-**	-
$ 6,754	$ 2,097	$ 338,483	**$ 1,746,788**	$ 1,623,676
$ (89)	$ 1,365	$ 22,343	**$ 38,183**	$ 34,110
6,848	713	314,279	**1,697,696**	1,582,572
-	-	5	**6**	198
(4)	10	172	**165**	164
-	-	1,686	**10,737**	6,637
(1)	-	-	**(1)**	(1)
-	-	-	**-**	-
-	9	(2)	**2**	(4)
$ 6,754	$ 2,097	$ 338,483	**$ 1,746,788**	$ 1,623,676

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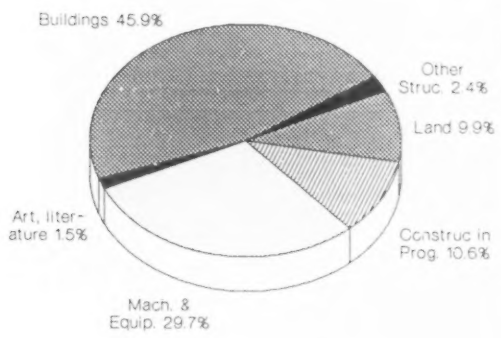
GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired for general governmental purposes except for those accounted for in Proprietary Funds or University Funds.

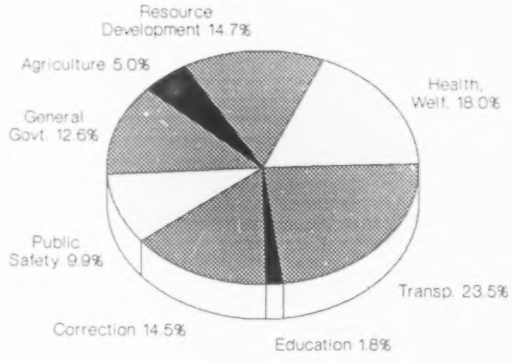
General Fixed Assets purchased are valued at cost where historic records are available and at estimated historic cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. General Fixed Assets totaled $1.7 billion at June 30, 1990. Infrastructures, which include highways, bridges and rights-of-way, are not capitalized. Depreciation expense is not recognized in the General Fixed Assets Account Group.

The charts provide a breakdown and a comparison of fixed assets by class and by functional uses as of June 30, 1990.

General Fixed Assets by Class



General Fixed Assets by Function



SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 1990 Exhibit I-1

(Expressed in Thousands)

Function	Land	Buildings	Other Structures and Improvements	Machinery and Equipment	Art, Literature and Artifacts	Construction in Progress	Totals
General Government	$ 22,719	$ 104,396	$ 1,491	$ 14,877	$ 418	$ 69,474	$ 213,375
Public Safety and Regulation	14,517	66,728	2,268	73,846	826	9,975	168,160
Corrections	6,233	217,687	-	14,125	-	9,257	247,302
Education	1,348	15,900	-	6,253	566	6,200	30,267
Transportation	19,963	71,094	-	289,612	-	17,754	398,423
Health Welfare and Rehabilitation	3,200	210,628	35,198	39,274	532	16,447	305,279
Resource Development and Preservation	81,717	60,091	1,591	52,400	23,495	30,006	249,300
Agriculture	18,874	32,450	82	13,993	86	20,378	85,863
Total General Fixed Assets	$ 168,571	$ 778,974	$ 40,630	$ 504,380	$ 25,923	$ 179,491	$ 1,697,969

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

For the Fiscal Year Ended June 30, 1990 Exhibit I-2

(Expressed in Thousands)

Function	Balance July 1, 1989	Fixed Asset Write-off	Prior Year Adjustments	Transfers From Other Funds	Additions	Deletions	Balance June 30, 1990
General Government	$ 199,464	$ (8,983)	$ 1,630	$ (11)	$ 21,520	$ 245	**$ 213,375**
Public Safety and Regulation	186,341	(35,991)	586	(7)	19,056	1,825	**168,160**
Corrections	228,154	(24,523)	-	-	45,694	2,023	**247,302**
Education	40,183	(11,579)	44	-	2,013	394	**30,267**
Transportation	347,913	(21,029)	29,902	-	60,069	18,432	**398,423**
Health, Welfare and Rehabilitation	354,726	(52,599)	(95)	2	9,826	6,581	**305,279**
Resource Development and Preservation	268,056	(40,960)	243	-	24,394	2,433	**249,300**
Agriculture	74,698	(6,187)	(382)	(756)	18,935	445	**85,863**
Total General Fixed Assets.	$ 1,699,535	$ (201,851)	$ 31,928	$ (772)	$ 201,507	$ 32,378	**$ 1,697,969**

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is maintained to account for the outstanding principal balances of the State's long-term obligations not reported in Proprietary or University Funds.

The following activities are included in the General Long-Term Obligations Account Group:

General Obligation Bonds for capital projects and certain revenue-producing capital projects;

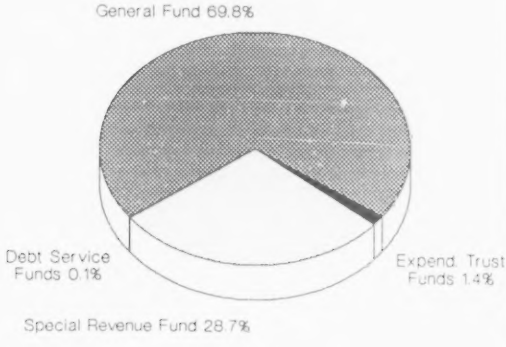
The long-term portion of **capital lease obligations**;

The long-term portion of the liability for **accrued vacation**; and,

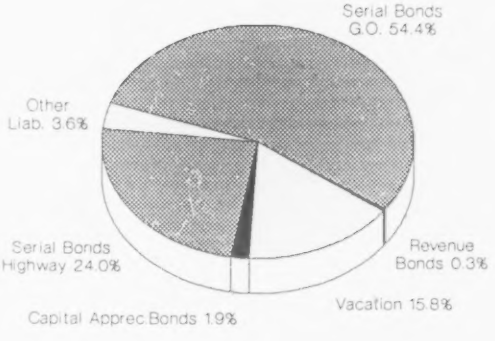
Long-term payables relating primarily to Workers' Compensation claims.

The charts provide a breakdown of the type of long-term obligations by class and the sources of repayment of those obligations, as of June 30; 1990. General Long-Term Obligations totaled $732.6 million at June 30, 1990.

Amount to be Provided for the Retirement of General Long-Term Obligations



General Long-Term Obligations



COMPARATIVE STATEMENTS OF GENERAL LONG-TERM OBLIGATIONS

June 30, 1990 and 1989 Exhibit J-1

(Expressed in Thousands)

Amount Available and to be Provided for the Payment of General Long-Term Obligations	June 30, 1990	June 30, 1989
Amounts Available In Other Funds:		
In General Fund	$ 135	$ 135
In Debt Service Funds	1,453	1,610
In Expendable Trust Funds	3,003	3,876
Amount to be Provided for Retirement of General Long-Term Obligations:		
By General Fund	508,426	545,359
By Special Revenue Funds	208,622	230,181
By Expendable Trust Funds	10,235	12,258
By Debt Service Funds:		
Alcoholic Beverage Control Commission Revenue Bonds	697	1,190
Total Available and to be Provided	$ 732,571	$ 794,609

General Long-Term Obligations		
Bonds Payable:		
General Obligation Bonds Payable:		
Serial Bonds Payable	$ 574,035	$ 646,460
Capital Appreciation Bonds Payable	13,969	13,969
Total General Obligation Bonds Payable	588,004	660,429
Revenue Bonds Payable	2,150	2,800
Total Bonds Payable	590,154	663,229
Long-Term Payables	24,392	23,048
Capital Leases Payable	2,341	1,794
Accrued Vacation Leave	115,684	106,538
Total General Long-Term Obligations	$ 732,571	$ 794,609

SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

June 30, 1990

(Expressed in Thousands)

	Total Bonds Payable	Revenue Bonds		General Obligation Bonds				
					Payable from General Fund Revenues			
		Total Revenue Bonds	Alcoholic Beverage Control Commission	Total General Obligation Bonds	Total General Fund	Capital Improvement 12-1-71	Public School Facility Series A 12-1-74	Clean Water Series A 12-1-74
Bonds Authorized and Issued:								
Chapter 909, 1971 Session Law	$ 126,500	$ -	$ -	$126,500	$126,500	$ -	$ -	$ 29,500
Chapter 1240, 1971 Session Law	45,995	-	-	45,995	45,995	45,995	-	-
Chapter 657, 1973 Session Law	195,000	-	-	195,000	195,000	-	45,000	-
Chapter 854, 1975 Session Law	43,250	-	-	43,250	43,250	-	-	-
Chapter 677, 1977 Session Law	78,000	-	-	78,000	78,000	-	-	-
Chapter 1285, 1981 Session Law	5,550	5,550	5,550	-	-	-	-	-
Chapter 1048, 1987 Session Law	20,499	-	-	20,499	20,499	-	-	-
General Statute Chapter 142	460,000	-	-	460,000	210,000	-	-	-
Total Bonds Authorized and Issued	974,794	5,550	5,550	969,244	719,244	45,995	45,000	29,500
Bonds Retired	384,640	3,400	3,400	381,240	307,205	43,995	29,000	20,500
Bonds Outstanding - June 30, 1990	$ 590,154	$ 2,150	$ 2,150	$588,004	$412,039	$ 2,000	$ 16,000	$ 9,000
Bond Maturity As Follows:								
1990-91	$ 73,640	$ 650	$ 650	$ 72,990	$ 45,660	$ 2,000	$ 3,000	$ 1,500
1991-92	76,390	750	750	75,640	45,700	-	3,000	1,500
1992-93	77,590	750	750	76,840	45,200	-	2,000	1,500
1993-94	77,923	-	-	77,923	44,928	-	2,000	1,500
1994-95	69,760	-	-	69,760	44,670	-	2,000	1,500
1995-96	68,578	-	-	68,578	44,458	-	2,000	1,500
1996-97	46,782	-	-	46,782	41,922	-	2,000	-
1997-98	33,715	-	-	33,715	33,715	-	-	-
1998-99	30,297	-	-	30,297	30,297	-	-	-
1999-2000	27,009	-	-	27,009	27,009	-	-	-
2000-01	3,365	-	-	3,365	3,365	-	-	-
2001-02	804	-	-	804	804	-	-	-
2002-03	752	-	-	752	752	-	-	-
2003-04	699	-	-	699	699	-	-	-
2004-05	653	-	-	653	653	-	-	-
2005-06	606	-	-	606	606	-	-	-
2006-07	566	-	-	566	566	-	-	-
2007-08	530	-	-	530	530	-	-	-
2008-09	495	-	-	495	495	-	-	-
Total Bonds Outstanding	$ 590,154	$ 2,150	$ 2,150	$588,004	$412,039	$ 2,000	$ 16,000	$ 9,000

Exhibit J-2

General Obligation Bonds

Payable from General Fund Revenues									Payable from Highway Fund Revenues	
		Public Improvement Bonds								
Public School Facility Series C 6-1-76	Clean Water Series C 6-1-76	1976 12-1-76	1977 6-1-77	1978 11-1-78	1979 11-1-79	Refunding Series 1986 7-1-86	Clean Water Series 1987 6-1-87	Capital Improvement Series 1989 5-1-89 [*]	Total Highway Fund	Highway Refunding Series 1986 7-1-86
$ -	$ 25,000	$ 10,000	$ 30,000	$ 4,000	$ 28,000	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-
50,000	-	40,000	25,000	16,250	18,750	-	-	-	-	-
-	-	25,000	-	18,250	-	-	-	-	-	-
-	-	-	-	11,500	20,500	-	46,000	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	20,499	-	-
-	-	-	-	-	-	210,000		-	250,000	250,000
50,000	25,000	75,000	55,000	50,000	67,250	210,000	46,000	20,499	250,000	250,000
27,000	14,000	42,000	33,000	19,000	30,250	39,480	7,500	1,480	74,035	74,035
$ 23,000	$ 11,000	$ 33,000	$ 22,000	$ 31,000	$ 37,000	$ 170,520	$ 38,500	$ 19,019	$175,965	$175,965
$ 4,000	$ 2,000	$ 5,000	$ 4,000	$ 4,000	$ 3,000	$ 13,085	$ 2,500	$ 1,575	$ 27,330	$ 27,330
3,500	1,500	5,000	4,000	4,000	4,000	15,020	2,500	1,680	29,940	29,940
3,500	1,500	5,000	4,000	4,000	4,000	14,905	3,000	1,795	31,640	31,640
2,000	1,000	5,000	4,000	4,000	4,000	16,055	4,000	1,383	32,985	32,985
2,000	1,000	5,000	4,000	4,000	4,000	15,875	4,000	1,295	25,090	25,090
2,000	1,000	5,000	2,000	4,000	4,000	17,745	4,000	1,213	24,120	24,120
2,000	1,000	3,000	-	4,000	4,000	20,790	4,000	1,132	4,860	4,860
2,000	1,000	-	-	3,000	5,000	17,655	4,000	1,060	-	-
2,000	1,000	-	-	-	5,000	17,305	4,000	992	-	-
-	-	-	-	-	-	22,085	4,000	924	-	-
-	-	-	-	-	-	-	2,500	865	-	-
-	-	-	-	-	-	-	-	804	-	-
-	-	-	-	-	-	-	-	752	-	-
-	-	-	-	-	-	-	-	699	-	-
-	-	-	-	-	-	-	-	653	-	-
-	-	-	-	-	-	-	-	606	-	-
-	-	-	-	-	-	-	-	566	-	-
-	-	-	-	-	-	-	-	530	-	-
-	-	-	-	-	-	-	-	495	-	-
$ 23,000	$ 11,000	$ 33,000	$ 22,000	$ 31,000	$ 37,000	$ 170,520	$ 38,500	$ 19,019	$175,965	$175,965

[*] Serial Bonds (Years 1991 - 1993) 5,050
Capital Appreciation Bonds (Years 1994 - 2009) 13,969
$ 19,019

UNIVERSITY FUNDS

The University Funds account for the operations of sixteen campuses of the Consolidated University System and UNC-General Administration. The University Funds are presented in conformity with the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA) recommended formats.

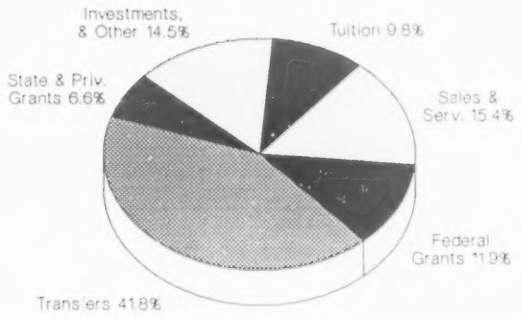
The University system is governed by a single Board of Governors. The sixteen campuses have their own separate boards of trustees responsible for their campus' operations only. The constitutionally authorized Board of Governors is composed of thirty-two members elected by the General Assembly and has authority to choose its own chairman and other officers. University-wide administration and execution of board policy is the responsibility of the President of the University. The President, the officers of the University and their supporting staff constitute the General Administration of the University.

The following campuses comprise the Consolidated University System:

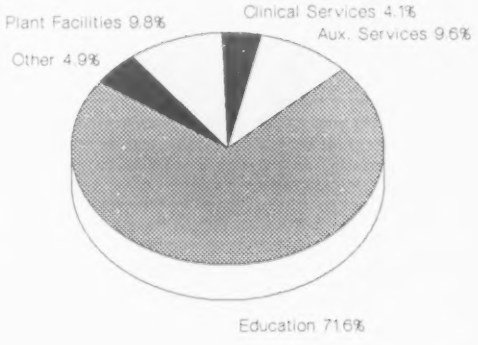
University of North Carolina - Chapel Hill
North Carolina State University
University of North Carolina - Greensboro
University of North Carolina - Charlotte
University of North Carolina - Asheville
University of North Carolina - Wilmington
East Carolina University
North Carolina A&T University
Western Carolina University
Appalachian State University
Pembroke State University
Winston-Salem State University
Elizabeth City State University
Fayetteville State University
North Carolina Central University
North Carolina School of the Arts

The charts provide a breakdown of University Funds revenues and expenditures for the year ended June 30, 1990, on the accrual basis of accounting. Under this basis, total revenues and other sources exceeded total expenditures and other uses by $185.7 million in 1990.

University Funds Revenues



University Funds Expenditures



COMBINING BALANCE SHEET
ALL UNIVERSITY FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit K-1
(Expressed in Thousands)

	University Fund Types			Totals	
	Current	Fiduciary	Plant	June 30, 1990	June 30, 1989
Assets					
Cash and Cash Equivalents	$ 12,004	$ 693	$ 2,581	**$ 15,278**	$ 24,571
Pooled Cash	261,058	82,497	112,579	**456,134**	473,863
Investments	123,950	350,368	109,444	**583,762**	533,482
Pooled Investments	13,019	-	-	**13,019**	-
Receivables	91,370	3,916	2,529	**97,815**	84,730
Interfund Receivables	82,183	5,261	13,687	**101,131**	22,369
Notes Receivable	164	128,399	-	**128,563**	125,159
Inventories	24,689	-	-	**24,689**	23,466
Prepaid Items	2,162	-	631	**2,793**	2,212
Fixed Assets	-	272	2,783,548	**2,783,820**	2,544,158
Total Assets	$ 610,599	$ 571,406	$ 3,024,99	**$ 4,207,004**	$ 3,834,010
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 161,019	$ 2,855	$ 14,094	**$ 177,968**	$ 98,313
Interfund Payables	18,977	496	3,225	**22,698**	14,164
Notes Payable	155	241	47,125	**47,521**	34,915
Claims and Benefits Payable	3,802	-	-	**3,802**	-
Capital Leases Payable	-	-	6,109	**6,109**	8,146
Bonds Payable	-	-	301,763	**301,763**	258,823
Interest Payable	82	-	7,556	**7,638**	7,097
Deposits Payable	4,801	115,707	9,755	**130,263**	100,009
Accrued Vacation Leave	56,006	4	-	**56,010**	49,057
Deferred Revenue	21,120	-	38	**21,158**	14,510
Total Liabilities	265,962	119,303	389,665	**774,930**	585,034
Fund Equity:					
Investment in Fixed Assets	-	-	2,505,157	**2,505,157**	2,316,466
Fund Balances:					
Reserved/Restricted	111,613	452,103	42,676	**606,392**	542,900
Unreserved/Unrestricted:					
Designated for Subsequent Years' Expenditures	-	-	87,501	**87,501**	166,019
Undesignated	233,024	-	-	**233,024**	223,591
Total Fund Equity	344,637	452,103	2,635,334	**3,432,074**	3,248,976
Total Liabilities and Fund Equity	$ 610,599	$ 571,406	$ 3,024,999	**$ 4,207,004**	$ 3,834,010

COMBINING BALANCE SHEET
ALL UNIVERSITY CURRENT FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit K-2

(Expressed in Thousands)

	Unrestricted			Totals	
	General	Proprietary	Restricted	June 30, 1990	June 30, 1989
Assets					
Cash and Cash Equivalents	$ 1,306	$ 9,224	$ 1,474	$ 12,004	$ 9,284
Pooled Cash	70,108	109,891	81,059	261,058	252,182
Investments	18,777	85,283	19,890	123,950	98,715
Pooled Investments	-	-	13,019	13,019	-
Receivables:					
Accounts Receivable	8,778	44,276	18,512	71,566	60,837
Intergovernmental Receivables	42	20	14,148	14,210	12,391
Investment Earnings	2,500	1,345	1,749	5,594	4,376
Interfund Receivables	71,728	4,799	5,656	82,183	10,955
Notes Receivable (Net)	-	156	8	164	329
Inventories	4,942	19,627	120	24,689	23,466
Prepaid Items	220	135	1,807	2,162	1,662
Total Assets	$ 178,401	$ 274,756	$ 157,442	$ 610,599	$ 474,197
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	10,227	9,615	14,579	$ 34,421	37,189
Accrued Payroll	94,192	12,541	16,135	122,868	30,357
Intergovernmental Payables	49	23	3,658	3,730	3,313
Interfund Payables	4,441	11,657	2,879	18,977	8,218
Notes Payable	-	155	-	155	328
Claims and Benefits Payable	-	3,779	23	3,802	-
Interest Payable	18	64	-	82	57
Deposits Payable	2,509	2,287	5	4,801	8,524
Accrued Vacation Leave	41,110	8,824	6,072	56,006	49,054
Deferred Revenue	8,545	10,097	2,478	21,120	14,473
Total Liabilities	161,091	59,042	45,829	265,962	151,513
Fund Equity:					
Fund Balances:					
Reserved/Restricted	-	-	111,613	111,613	99,093
Unreserved/Unrestricted:					
Undesignated	17,310	215,714	-	233,024	223,591
Total Fund Equity	17,310	215,714	111,613	344,637	322,684
Total Liabilities and Fund Equity	$ 178,401	$ 274,756	$ 157,442	$ 610,599	$ 474,197

COMBINING STATEMENT OF CHANGES IN FUND EQUITY
ALL UNIVERSITY CURRENT FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit K-3
(Expressed in Thousands)

	Unrestricted			Totals	
	General	Proprietary	Restricted	June 30, 1990	June 30, 1989
Revenues and Other Additions:					
Tuition and Fees	$ 188,025	$ 52,368	$ -	$ 240,393	$ 201,496
Federal Appropriations	17,868	-	-	17,868	18,593
Federal Contracts and Grants	38,231	-	237,878	276,109	256,489
State Contracts and Grants	1,198	-	28,529	29,727	27,472
Local Contracts and Grants	9	-	804	813	915
Private Gifts, Contracts and Grants	11,249	3,360	109,131	123,740	107,001
Endowment Income	3,102	3	10,867	13,972	12,625
Sales and Services	26,056	356,209	2,172	384,437	373,956
Investment Earnings	11,211	14,450	7,536	33,197	29,157
Realized Gain on Sale of Investments	53	-	-	53	-
Other Revenues and Additions	7,657	5,307	10,248	23,212	18,717
Total Revenues and Other Additions	304,659	431,697	407,165	1,143,521	1,046,421
Expenditures and Other Deductions:					
Educational and General:					
Instruction	649,371	-	68,078	717,449	636,945
Organized Research	71,162	-	151,633	222,795	204,666
Public Service	107,258	-	31,118	138,376	135,231
Academic Support	117,719	-	10,282	128,001	146,581
Student Services	41,745	-	1,831	43,576	40,077
Institutional Support	127,827	-	5,157	132,984	124,145
Physical Plant Operations	137,514	-	1,122	138,636	126,554
Student Financial Aid	61,886	-	68,421	130,307	121,657
Total Educational and General	1,314,482	-	337,642	1,652,124	1,535,856
Auxiliary Enterprises	-	220,700	-	220,700	220,885
Internal Service	-	38,274	-	38,274	25,672
Independent Operations	-	18,401	-	18,401	12,340
Professional Clinical Services	-	94,262	-	94,262	82,527
Indirect Cost Recovered	-	-	44,311	44,311	40,212
Refunded to Grantors	-	-	536	536	320
Realized Loss on Sale of Investments	99	-	-	99	1,066
Other Expenditures and Deductions	1,018	1,976	-	2,994	4,511
Total Expenditures and Other Deductions	1,315,599	373,613	382,489	2,071,701	1,923,389
Transfers-Additions (Deductions):					
Intrainstitutional Transfers:					
Mandatory Transfers	(6,964)	(30,094)	727	(36,331)	(22,633)
Non-Mandatory Transfers	(2,438)	(11,686)	(7,014)	(21,138)	(20,527)
Interinstitutional Transfers	637	-	(5,063)	(4,426)	(359)
Operating Transfers In	1,017,101	-	-	1,017,101	959,386
Net Transfers	1,008,336	(41,780)	(11,350)	955,206	915,867
Net Increase (Decrease) in Fund Equity	(2,604)	16,304	13,326	27,026	38,899
Fund Equity - July 1	20,360	203,231	99,093	322,684	283,785
Restatements	(446)	(3,821)	(806)	(5,073)	-
Fund Equity - June 30	$ 17,310	$ 215,714	$ 111,613	$ 344,637	$ 322,684

COMBINING BALANCE SHEET
ALL UNIVERSITY FIDUCIARY FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit K-4

(Expressed in Thousands)

	Loan	Endowment and Similar	Agency	Totals June 30, 1990	Totals June 30, 1989
Assets					
Cash and Cash Equivalents	$ 523	$ (305)	$ 475	$ 693	$ 3,976
Pooled Cash	73,858	4,781	3,858	82,497	21,620
Investments	821	236,789	112,758	350,368	340,101
Receivables:					
Accounts Receivable	5	22	626	653	480
Intergovernmental Receivables	1,858	-	142	2,000	2,576
Investment Earnings	598	81	584	1,263	1,942
Interfund Receivables	5,227	28	6	5,261	5,981
Notes Receivable (Net)	128,399	-	-	128,399	124,830
Fixed Assets:					
Land	-	-	268	268	207
Machinery and Equipment	-	-	4	4	-
Total Assets	$ 211,289	$ 241,396	$ 118,721	$ 571,406	$ 501,713
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	61	37	2,184	$ 2,282	9,842
Accrued Payroll	2	-	564	566	34
Intergovernmental Payables	6	-	1	7	4
Interfund Payables	134	341	21	496	1,097
Notes Payable	-	-	241	241	186
Deposits Payable	-	-	115,707	115,707	84,108
Accrued Vacation Leave	1	-	3	4	3
Total Liabilities	204	378	118,721	119,303	95,274
Fund Equity:					
Fund Balances:					
Reserved/Restricted for Loans	211,085	-	-	211,085	191,748
Reserved/Restricted for Endowments	-	241,018	-	241,018	214,691
Total Fund Equity	211,085	241,018	-	452,103	406,439
Total Liabilities and Fund Equity	$ 211,289	$ 241,396	$ 118,721	$ 571,406	$ 501,713

COMBINING STATEMENT OF CHANGES IN FUND EQUITY
ALL UNIVERSITY FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit K-5

(Expressed in Thousands)

	Loan	Endowment and Similar	Totals June 30, 1990	Totals June 30, 1989
Revenues and Other Additions:				
Federal Contracts and Grants	1,048	-	1,048	4,048
Private Gifts, Contracts and Grants	64	9,252	9,316	10,510
Endowment Income	88	-	88	79
Investment Earnings	14,168	1,477	15,645	10,652
Realized Gain on Sale of Investments	38	11,360	11,398	7,548
Other Revenues and Additions	5,945	598	6,543	5,247
Total Revenues and Other Additions	21,351	22,687	44,038	38,084
Expenditures and Other Deductions:				
Administrative and Collection Costs, Loan Cancellations and Bad Debts	4,075	-	4,075	4,267
Realized Loss on Sale of Investments	-	902	902	393
Total Expenditures and Other Deductions	4,075	902	4,977	4,660
Transfers-Additions (Deductions):				
Intrainstitutional Transfers:				
Mandatory Transfers	122	-	122	50
Non-Mandatory Transfers	1,967	4,755	6,722	5,123
Net Transfers	2,089	4,755	6,844	5,173
Net Increase in Fund Equity	19,365	26,540	45,905	38,597
Fund Equity - July 1	191,748	214,691	406,439	367,842
Restatements	(28)	(213)	(241)	-
Fund Equity - June 30	$ 211,085	$ 241,018	$ 452,103	$ 406,439

COMBINING BALANCE SHEET
ALL UNIVERSITY PLANT FUNDS

June 30, 1990 (With Comparative Totals for 1989) Exhibit K-6

	Unexpended	Debt Service	Investment In Plant	Totals June 30, 1990	Totals June 30, 1989
Assets					
Cash and Cash Equivalents	$ 2,048	$ 533	$ -	$ 2,581	$ 11,311
Pooled Cash	99,868	12,711	-	112,579	200,061
Investments	71,217	38,227	-	109,444	94,666
Receivables:					
Accounts Receivable	-	27	-	27	187
Intergovernmental Receivables	-	85	-	85	44
Investment Earnings	1,876	541	-	2,417	1,897
Interfund Receivables	9,525	4,162	-	13,687	5,433
Prepaid Items	-	631	-	631	550
Fixed Assets:					
Land	-	-	39,189	39,189	39,797
Buildings	-	-	1,363,477	1,363,477	1,223,408
Other Structures and Improvements	-	-	87,922	87,922	77,143
Machinery and Equipment	-	-	591,106	591,106	562,769
Art, Literature and Artifacts	-	-	363,840	363,840	332,130
Construction in Progress	-	-	338,014	338,014	308,704
Total Assets	$ 184,534	$ 56,917	$ 2,783,548	$ 3,024,999	$ 2,858,100
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Accrued Liabilities:					
Accounts Payable	$ 14,085	$ 9	$ -	$ 14,094	$ 17,574
Interfund Payables	3,062	163	-	3,225	4,849
Notes Payable	11,978	-	35,147	47,125	34,401
Capital Leases Payable	-	-	6,109	6,109	8,146
Bonds Payable	58,153	6,475	237,135	301,763	258,823
Interest Payable	-	7,556	-	7,556	7,040
Deposits Payable - Contract Retainage	9,755	-	-	9,755	7,377
Deferred Revenue	-	38	-	38	37
Total Liabilities	97,033	14,241	278,391	389,665	338,247
Fund Equity:					
Investment in Fixed Assets	-	-	2,505,157	2,505,157	2,316,466
Fund Balances:					
Reserved/Restricted	-	42,676	-	42,676	37,368
Unreserved/Unrestricted:					
Designated for Subsequent Years' Expenditures	87,501	-	-	87,501	166,019
Total Fund Equity	87,501	42,676	2,505,157	2,635,334	2,519,853
Total Liabilities and Fund Equity	$ 184,534	$ 56,917	$ 2,783,548	$ 3,024,999	$ 2,858,100

COMBINING STATEMENT OF CHANGES IN FUND EQUITY
ALL UNIVERSITY PLANT FUNDS

For the Fiscal Year Ended June 30, 1990 (With Comparative Totals for 1989) Exhibit K-7

(Expressed in Thousands)

	Unexpended	Debt Service	Investment in Plant	Totals June 30, 1990	Totals June 30, 1989
Revenues and Other Additions:					
Tuition and Fees	$ -	$ 2,910	$ -	**$ 2,910**	$ 2,592
Federal Contracts and Grants	647	304	-	**951**	1,943
Private Gifts, Contracts and Grants	784	-	759	**1,543**	8,107
Endowment Income	1,913	-	-	**1,913**	-
Investment Earnings	6,793	3,395	-	**10,188**	11,177
Realized Gain on Sale of Investments	7	21	-	**28**	26
Expended for Plant Facilities	-	-	219,292	**219,292**	222,189
Retirement of Indebtedness	-	-	18,662	**18,662**	12,580
Other Revenues and Additions	4,677	3,517	-	**8,194**	10,224
Total Revenues and Other Additions	14,821	10,147	238,713	**263,681**	268,838
Expenditures and Other Deductions:					
Realized Loss on Sale of Investments	674	-	-	**674**	331
Expended for Plant Facilities	118,060	-	-	**118,060**	140,354
Retirement of Indebtedness	-	19,476	-	**19,476**	19,204
Interest on Indebtedness	163	21,603	-	**21,766**	20,024
Disposal of Plant Facilities	-	-	65,589	**65,589**	21,966
Other Expenditures and Deductions	700	944	-	**1,644**	944
Total Expenditures and Other Deductions	119,597	42,023	65,589	**227,209**	202,823
Transfers-Additions (Deductions):					
Intrainstitutional Transfers:					
Mandatory Transfers	1,332	36,200	-	**37,532**	27,598
Non-Mandatory Transfers	14,749	(1,696)	-	**13,053**	6,935
Interinstitutional Transfers	470	-	-	**470**	4,031
Operating Transfers In	25,287	-	-	**25,287**	97,377
Net Transfers	41,838	34,504	-	**76,342**	135,941
Net Increase (Decrease) in Fund Equity	(62,938)	2,628	173,124	**112,814**	201,956
Fund Equity - July 1	163,482	39,905	2,316,466	**2,519,853**	2,317,897
Restatements	6,333	143	15,567	**22,043**	-
Residual Equity Transfer	(19,376)	-	-	**(19,376)**	-
Fund Equity - June 30	$ 87,501	$ 42,676	$ 2,505,157	**$ 2,635,334**	$ 2,519,853

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STATISTICAL SECTION

The Statistical Section is presented to give report users an historical perspective and to assist in determining current financial status and trends of the State government. Certain economic and demographic data is presented to provide a broader understanding of State government than is possible from the financial statements, notes and supporting schedule presentation in the Financial Section.

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REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) ALL BUDGETED FUNDS

For the Fiscal Years 1981-1990

(Expressed in Thousands)

	Fiscal Years			
	1990	1989	1988	1987
Revenues:				
Tax	$ 7,529,782	$ 6,548,282	$ 6,163,516	$ 5,706,155
Non-Tax	829,829	519,875	537,618	477,612
Departmental	4,145,811	4,085,941	3,564,201	3,172,667
Total Revenues	12,505,422	11,154,098	10,265,335	9,356,434
Expenditures:				
Current:				
General Government	212,399	273,449	211,424	173,914
Public Safety and Regulation	477,764	423,134	385,674	351,196
Corrections	355,873	322,806	276,777	255,073
Education	5,614,892	5,225,667	4,745,243	4,311,125
Transportation	1,341,119	1,258,937	1,212,890	1,039,396
Health, Welfare, and Rehabilitation	3,003,661	2,875,936	2,516,752	2,291,581
Resource Development and Preservation	661,809	448,014	369,941	331,929
Agriculture	54,139	55,215	50,838	49,303
Debt Service	109,457	71,636	73,923	63,949
Capital Outlay	168,268	258,659	173,020	297,667
Local Government Tax Reimbursement	233,428	-	-	-
Budgeted Non-Cash Transactions	-	-	19	182
Transfers	223,053	-	-	-
Total Expenditures	12,455,862	11,213,453	10,016,501	9,165,315
Excess Revenues Over (Under) Expenditures	49,560	(59,355)	248,834	191,119
Fund Balance - July 1	1,608,073	1,667,624	1,418,790	1,227,671
Adjustments	370	(196)	-	-
Fund Balance - June 30	$ 1,658,003	$ 1,608,073	$ 1,667,624	$ 1,418,790

Note: "All Budgeted Funds" includes the general fund, departmental special revenue funds, the Highway Fund, and the Highway Trust Fund.

Table 1

Ended June 30

1986	1985	1984	1983	1982	1981
$ 5,081,772	$ 4,708,371	$ 4,178,382	$ 3,625,612	$ 3,419,973	$ 3,099,383
477,005	450,585	412,050	323,539	331,562	312,850
2,936,052	2,795,775	2,450,523	2,326,031	2,158,525	2,193,825
8,494,829	7,954,731	7,040,955	6,275,182	5,910,060	5,606,058
161,816	152,851	131,664	137,835	123,424	223,830
316,044	294,415	257,017	214,318	197,950	200,624
234,014	217,064	194,433	176,019	160,085	149,411
4,038,614	3,569,882	3,123,267	2,912,898	2,926,976	2,724,543
976,022	951,163	807,264	710,143	642,351	697,034
2,101,513	1,914,853	1,800,460	1,633,184	1,552,631	1,438,764
338,347	310,932	254,398	219,736	167,686	172,947
46,582	41,396	37,907	34,717	33,507	32,836
73,481	76,077	79,174	74,886	61,858	60,230
253,503	212,535	59,782	65,772	30,861	104,141
-	-	-	-	-	-
(7)	7	95	4,026	7,205	-
-	-	-	-	-	-
8,539,929	7,741,175	6,745,461	6,183,534	5,904,534	5,804,360
(45,100)	213,556	295,494	91,648	5,526	(198,302)
1,272,771	1,059,215	763,721	672,073	666,547	843,182
-	-	-	-	-	21,667
$ 1,227,671	$ 1,272,771	$ 1,059,215	$ 763,721	$ 672,073	$ 666,547

ANALYSIS OF REVENUES AND EXPENDITURES (BUDGETARY BASIS)
ALL BUDGETED FUNDS
ADJUSTED FOR INFLATION

For the Fiscal Years 1982-1990

(Expressed in Thousands)

		Fiscal Years Ended June 30				
		1990	1989	1988	1987	1986
Inflation Index (base year 1982)	[1]	1.426	1.364	1.299	1.244	1.206
Revenues and Expenditures Expressed in 1982 Dollars						
Revenues						
Tax		$ 5,280,352	$ 4,800,793	$ 4,744,816	$ 4,586,941	$ 4,213,741
Non-Tax		581,928	381,140	413,871	383,932	395,527
Departmental		2,907,301	2,995,558	2,743,804	2,550,375	2,434,537
Total Revenues		8,769,581	8,177,491	7,902,491	7,521,248	7,043,805
Expenditures						
Current:						
General Government		148,947	200,476	162,759	139,802	134,176
Public Safety and Regulation		335,038	310,216	296,901	282,312	262,060
Corrections		249,560	236,661	213,069	205,043	194,041
Education		3,937,512	3,831,134	3,652,997	3,465,535	3,348,768
Transportation		940,476	922,974	933,711	835,527	809,305
Health, Welfare, and Rehabilitation		2,106,354	2,108,457	1,937,453	1,842,107	1,742,548
Resource Development and Preservation		464,102	328,456	284,789	266,824	280,553
Agriculture		37,966	40,480	39,136	39,633	38,625
Debt Service		76,758	52,519	56,908	51,406	60,930
Capital Outlay		118,000	189,633	133,195	239,282	210,201
Local Government Tax Reimbursement		163,694	-	-	-	-
Budgeted Non-Cash Transactions		-	-	15	146	(6)
Transfers		156,419	-	-	-	-
Total Expenditures		8,734,826	8,221,006	7,710,933	7,367,617	7,081,201
Excess Revenues Over (Under) Expenditures		$ 34,755	$ (43,515)	$ 191,558	$ 153,631	$ (37,396)
Percentage of Base Year 1982						
Revenues						
Tax		154.4%	140.4%	138.7%	134.1%	123.2%
Non-Tax		175.5%	115.0%	124.8%	115.8%	119.3%
Departmental		134.7%	138.8%	127.1%	118.2%	112.8%
Total Revenues		148.4%	138.4%	133.7%	127.3%	119.2%
Expenditures						
Current:						
General Government		120.7%	162.4%	131.9%	113.3%	108.7%
Public Safety and Regulation		169.3%	156.7%	150.0%	142.6%	132.4%
Corrections		155.9%	147.8%	133.1%	128.1%	121.2%
Education		134.5%	130.9%	124.8%	118.4%	114.4%
Transportation		146.4%	143.7%	145.4%	130.1%	126.0%
Health, Welfare, and Rehabilitation		135.7%	135.8%	124.8%	118.6%	112.2%
Resource Development and Preservation		276.8%	195.9%	169.8%	159.1%	167.3%
Agriculture		113.3%	120.8%	116.8%	118.3%	115.3%
Debt Service		124.1%	84.9%	92.0%	83.1%	98.5%
Capital Outlay		382.4%	614.5%	431.6%	775.4%	681.1%
Budgeted Non-Cash Transactions		-	-	0.2%	2.0%	(0.1%)
Total Expenditures		147.9%	139.2%	130.6%	124.8%	119.9%

Note: "All Budgeted Funds" includes the general fund, departmental special revenue funds, the Highway Fund and the Highway Trust Fund.

[1] - Implicit Price Deflator - State and Local Government Expenditures

Source: U.S. Department of Commerce

Table 2

1985	1984	1983	1982
1.163	1.109	1.060	1.000
$ 4,048,470	$ 3,767,702	$ 3,420,389	$ 3,419,973
387,433	371,551	305,225	331,562
2,403,934	2,209,669	2,194,369	2,158,525
6,839,837	6,348,922	5,919,983	5,910,060
131,428	118,723	130,033	123,424
253,151	231,756	202,187	197,950
186,641	175,323	166,056	160,085
3,069,546	2,816,291	2,748,017	2,926,976
817,853	727,921	669,946	642,351
1,646,477	1,623,499	1,540,740	1,552,631
267,353	229,394	207,298	167,686
35,594	34,181	32,752	33,507
65,414	71,392	70,647	61,858
182,747	53,906	62,049	30,861
-	-	-	-
6	86	3,798	7,205
-	-	-	-
6,656,210	6,082,472	5,833,523	5,904,534
$ 183,627	$ 266,450	$ 86,460	$ 5,526
118.4%	110.2%	100.0%	100.0%
116.9%	112.1%	92.1%	100.0%
111.4%	102.4%	101.7%	100.0%
115.7%	107.4%	100.2%	100.0%
106.5%	96.2%	105.4%	100.0%
127.9%	117.1%	102.1%	100.0%
116.6%	109.5%	103.7%	100.0%
104.9%	96.2%	93.9%	100.0%
127.3%	113.3%	104.3%	100.0%
106.0%	104.6%	99.2%	100.0%
159.4%	136.8%	123.6%	100.0%
106.2%	102.0%	97.7%	100.0%
105.7%	115.4%	114.2%	100.0%
592.2%	174.7%	201.1%	100.0%
0.1%	1.2%	52.7%	100.0%
112.7%	103.0%	98.8%	100.0%

REVENUES BY SOURCE (BUDGETARY BASIS)
GENERAL FUND

For the Fiscal Years 1981-1990
(Expressed in Thousands)

	Fiscal Years							
	1990		1989		1988		1987	
	Amount	%	Amount	%	Amount	%	Amount	%
Tax Revenues:								
Income	$ 3,948,153	37.9	$ 3,551,756	38.5	$ 3,312,805	38.6	$ 3,129,407	39.4
Sales and Use	1,762,718	16.9	1,681,725	18.3	1,555,267	18.1	1,451,613	18.3
Franchise	262,761	2.5	236,297	2.6	234,780	2.7	206,523	2.6
Beverage	145,691	1.4	127,615	1.4	122,480	1.4	112,515	1.4
Intangible	97,257	0.9	-	0.0	-	0.0	-	0.0
Insurance	176,715	1.7	187,072	2.0	186,461	2.2	139,229	1.8
Inheritance	72,871	0.7	67,154	0.7	60,728	0.7	73,540	0.9
Soft Drink	28,987	0.3	27,912	0.3	27,366	0.3	24,828	0.3
Cigarette	15,315	0.1	7,952	0.1	8,484	0.1	11,616	0.1
License	30,761	0.3	22,413	0.2	28,259	0.4	21,996	0.3
Savings and Loan Association	9,307	0.1	13,203	0.1	8,696	0.2	4,443	0.1
Gift	10,122	0.1	4,593	0.0	5,012	0.1	3,937	0.0
Other	765	0.0	850	0.0	951	0.0	915	0.0
Total Tax Revenues	6,561,423	62.9	5,928,542	64.2	5,551,289	64.8	5,180,562	65.2
Non-Tax Revenues:								
Treasurer's Investment Income	118,669	1.1	141,947	1.5	167,117	1.9	139,318	1.8
Fees, Licenses and Fines	60,279	0.6	49,434	0.5	66,402	0.8	38,045	0.5
Transfer from Highway Trust Fund	164,693	1.6	-	0.0	-	0.0	-	0.0
Other	83,342	0.8	34,606	0.4	19,719	0.2	34,152	0.4
Total Non-Tax Revenues	426,983	4.1	225,987	2.4	253,238	2.9	211,515	2.7
Total Tax and Non-Tax Revenues	6,988,406	67.0	6,154,529	66.6	5,804,527	67.7	5,392,077	67.9
Departmental and Institutional Receipts:								
Federal Funds	1,995,222	19.2	1,747,001	18.9	1,576,323	18.4	1,445,887	18.2
Local Funds	303,744	2.9	264,225	2.9	224,832	2.6	200,741	2.5
Transfers	373,158	3.6	390,612	4.2	317,241	3.7	305,530	3.9
Sales and Services	419,114	4.0	382,431	4.1	357,112	4.1	326,000	4.1
Universities [1]	239,203	2.3	215,720	2.3	211,924	2.5	195,581	2.5
Other [1]	100,059	1.0	90,423	1.0	83,965	1.0	69,552	0.9
Total Departmental and Institutional Receipts	3,430,500	33.0	3,090,412	33.4	2,771,397	32.3	2,543,291	32.1
Total General Fund Revenues	$ 10,418,906	100.0	$ 9,244,941	100.0	$ 8,575,924	100.0	$ 7,935,368	100.0

[1] - Data for University receipts and Other receipts were combined prior to 1986.

Table 3

Ended June 30

1986		1985		1984		1983		1982		1981	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
$ 2,717,424	37.3	$ 2,513,419	37.4	$ 2,152,811	36.0	$ 1,856,624	35.4	$ 1,726,818	34.4	$ 1,583,321	33.4
1,380,409	19.0	1,155,845	17.2	998,987	16.7	823,400	15.7	777,449	15.5	737,098	15.6
197,595	2.7	310,143	4.6	326,787	5.5	298,561	5.7	269,764	5.4	235,280	5.0
108,982	1.5	105,015	1.6	101,192	1.7	100,343	1.9	99,641	2.0	95,390	2.0
-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
134,815	1.9	116,108	1.7	106,523	1.8	98,117	1.9	92,817	1.8	86,188	1.8
82,021	1.1	71,203	1.0	66,412	1.1	44,072	0.8	43,481	0.9	43,434	0.9
25,713	0.4	24,607	0.4	23,668	0.4	21,829	0.4	21,883	0.4	22,279	0.5
14,895	0.2	14,907	0.2	14,971	0.3	15,619	0.3	18,278	0.4	18,247	0.4
24,606	0.3	17,695	0.3	15,878	0.3	14,980	0.3	16,613	0.3	13,594	0.3
2,524	0.0	1,362	0.0	1,160	0.0	552	0.0	8,493	0.2	8,300	0.2
4,682	0.1	5,438	0.1	5,174	0.1	4,174	0.1	1,855	0.0	2,169	0.0
855	0.0	920	0.0	815	0.0	754	0.0	621	0.0	653	0.0
4,694,521	64.5	4,336,662	64.5	3,814,378	63.9	3,279,025	62.5	3,077,713	61.3	2,845,953	60.1
151,251	2.1	131,037	1.9	96,261	1.6	88,017	1.7	115,634	2.3	108,547	2.3
37,377	0.5	32,461	0.5	28,213	0.5	20,121	0.4	19,620	0.4	21,431	0.5
-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
27,721	0.4	26,874	0.4	18,465	0.3	16,679	0.3	16,574	0.3	47,881	1.0
216,349	3.0	190,372	2.8	142,939	2.4	124,817	2.4	151,828	3.0	177,859	3.8
4,910,870	67.5	4,527,034	67.3	3,957,317	66.3	3,403,842	64.9	3,229,541	64.3	3,023,812	63.9
1,386,422	19.0	1,321,335	19.6	1,220,266	20.4	1,092,402	20.8	1,053,886	21.0	1,144,880	24.2
178,816	2.5	160,829	2.4	153,977	2.6	141,048	2.7	144,680	2.9	41,014	0.9
258,294	3.5	239,457	3.6	193,997	3.2	185,315	3.5	197,796	3.9	188,462	4.0
301,304	4.1	304,580	4.5	286,768	4.8	294,665	5.6	159,623	3.2	120,075	2.5
186,294	2.6	-	-	-	-	-	-	-	-	-	-
56,673	0.8	173,837	2.6	158,261	2.7	133,343	2.5	235,158	4.7	216,040	4.5
2,367,803	32.5	2,200,038	32.7	2,013,269	33.7	1,846,773	35.1	1,791,143	35.7	1,710,471	36.1
$ 7,278,673	100.0	$ 6,727,072	100.0	$ 5,970,586	100.0	$ 5,250,615	100.0	$ 5,020,684	100.0	$ 4,734,283	100.0

EXPENDITURES BY FUNCTION (BUDGETARY BASIS)
GENERAL FUND

For the Fiscal Years 1981-1990
(Expressed in Thousands)

		Fiscal Years							
		1990		1989		1988		1987	
Expenditures by Function		Amount	%	Amount	%	Amount	%	Amount	%
General Government		$ 197,019	1.9	$ 214,315	2.2	$ 190,037	2.2	$ 161,614	2.0
Public Safety and Regulation		357,808	3.5	301,427	3.2	272,966	3.2	246,198	3.1
Corrections		352,638	3.4	319,888	3.4	276,010	3.2	254,287	3.2
Education		5,429,844	52.4	5,090,269	53.7	4,682,442	54.8	4,251,538	53.9
Transportation		5,600	0.1	5,878	0.1	5,262	0.1	6,262	0.1
Health, Welfare, and Rehabilitation		2,980,129	28.8	2,852,235	30.1	2,494,954	29.2	2,270,393	28.8
Resource Development and Preservation	[A]	522,049	5.0	311,305	3.3	325,720	3.8	291,083	3.7
Agriculture		54,139	0.5	55,215	0.6	50,838	0.6	49,303	0.6
Debt Service		70,966	0.7	71,636	0.7	73,923	0.9	63,949	0.8
Capital Outlay		150,093	1.4	258,659	2.7	173,020	2.0	297,667	3.8
Local Government Tax Reimbursement	[B]	233,428	2.3	-	-	-	-	-	-
Total Expenditures		$ 10,353,713	100.0	$ 9,480,827	100.0	$ 8,545,172	100.0	$ 7,892,294	100.0

[A] In the fiscal year ended June 30, 1990, functional responsibility for health services was transferred to the newly-created Department of Environment, Health and Natural Resources.

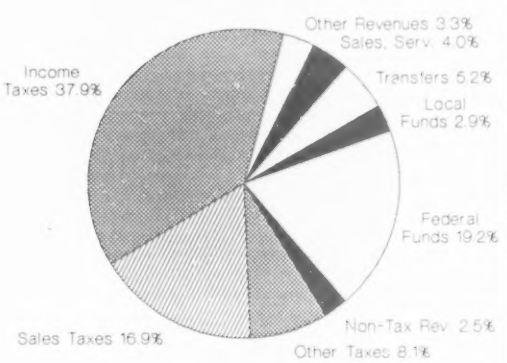
[B] Represents shared State/local tax revenues. Prior to 1990, local share was remitted directly to local governments and netted from gross revenues. Beginning in 1990, local share was included in appropriations and shown as a separate expenditure.

Table 4

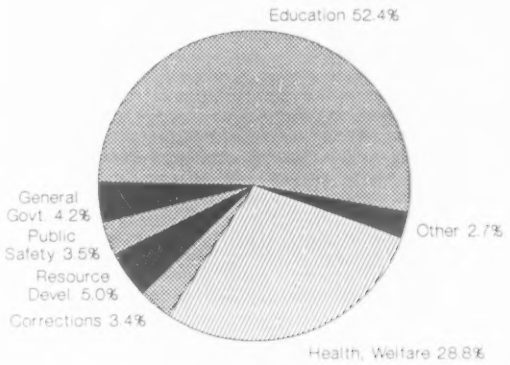
Ended June 30

1986		1985		1984		1983		1982		1981	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
$ 150,466	2.0	$ 142,980	2.2	$ 123,707	2.1	$ 130,636	2.5	$ 120,001	2.4	$ 108,098	2.2
213,344	2.9	203,036	3.1	176,281	3.1	153,179	2.9	147,069	2.9	140,365	2.9
233,125	3.2	215,359	3.3	192,744	3.3	174,221	3.3	158,065	3.1	146,535	3.0
3,984,516	54.3	3,535,244	53.5	3,087,934	53.3	2,840,133	53.7	2,808,875	55.4	2,634,316	54.2
5,217	0.1	4,957	0.1	30,756	0.5	4,738	0.1	5,057	0.1	5,066	0.1
2,080,131	28.3	1,894,880	28.7	1,781,285	30.8	1,615,481	30.5	1,536,124	30.3	1,425,408	29.3
299,297	4.1	274,097	4.1	219,091	3.8	194,997	3.7	167,056	3.3	207,981	4.3
46,582	0.6	41,396	0.6	37,907	0.7	34,717	0.7	33,507	0.7	32,484	0.7
73,481	1.0	76,077	1.2	79,174	1.4	74,886	1.4	61,858	1.2	60,231	1.2
253,503	3.5	212,535	3.2	59,782	1.0	65,772	1.2	30,861	0.6	104,141	2.1
-	-	-	-	-	-	-	-	-	-	-	-
$ 7,339,662	100.0	$ 6,600,561	100.0	$ 5,788,661	100.0	$ 5,288,760	100.0	$ 5,068,473	100.0	$ 4,864,625	100.0

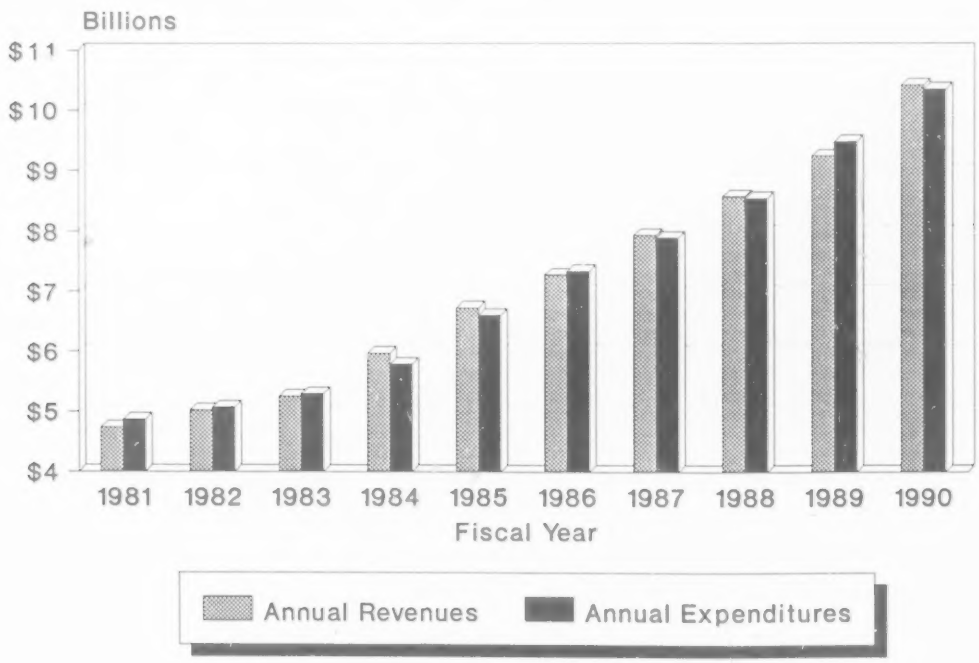
GENERAL FUND
REVENUES AND EXPENDITURES (BUDGETARY BASIS)
GRAPHS



General Fund Revenues by Source
For the Year Ended June 30, 1990
(From Table 3)

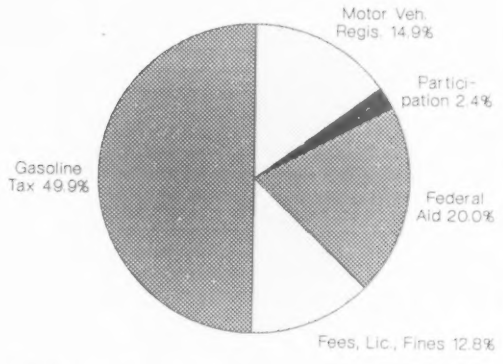


General Fund Expenditures by Function
For the Year Ended June 30, 1990
(From Table 4)

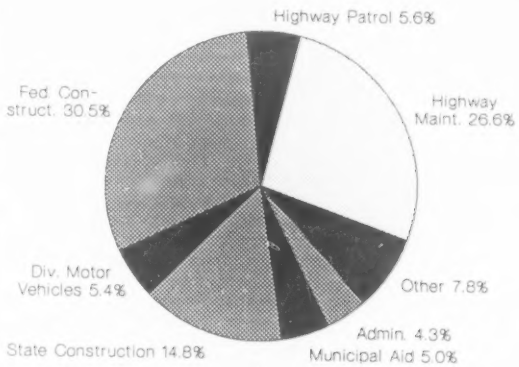


General Fund Revenues and Expenditures
For the Years 1981 to 1990
(From Tables 3 and 4)

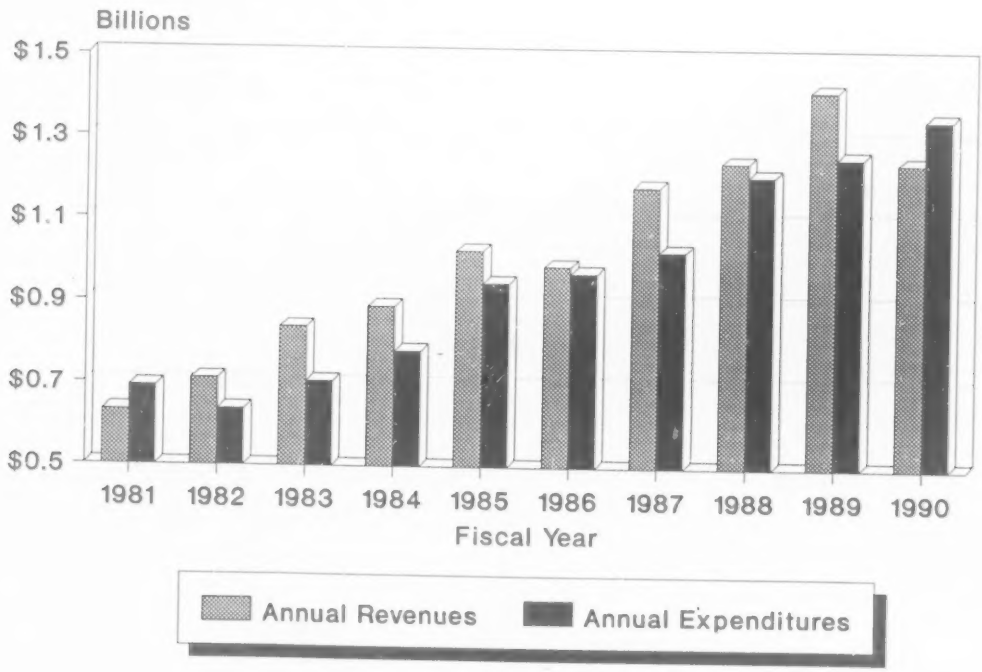
HIGHWAY FUND
REVENUES AND EXPENDITURES (BUDGETARY BASIS)
GRAPHS



Highway Fund Revenues by Source
For the Year Ended June 30, 1990
(From Table 5)



Highway Fund Expenditures by Function
For the Year Ended June 30, 1990
(From Table 6)



Highway Fund Revenues and Expenditures
For the Years 1981 to 1990
(From Tables 5 and 6)

REVENUES BY SOURCE (BUDGETARY BASIS)
HIGHWAY FUND

For the Fiscal Years 1981-1990
(Expressed in Thousands)

	Fiscal Years							
	1990		1989		1988		1987	
	Amount	%	Amount	%	Amount	%	Amount	%
State Revenues:								
Motor Vehicle Registration	$ 184,478	14.9	$ 181,894	12.8	$ 177,247	14.3	$ 168,618	14.3
Gasoline Tax	618,677	49.9	619,740	43.8	612,227	49.3	526,823	44.6
Fees, Licenses, Fines and Other	159,445	12.8	111,994	7.9	107,134	8.6	115,942	9.8
Total State Revenues	962,600	77.6	913,628	64.5	896,608	72.2	811,383	68.7
Federal Aid Participation:								
Highway Construction	224,749	18.1	459,848	32.5	297,185	24.0	326,496	27.7
Other	23,169	1.9	12,878	0.9	14,536	1.2	13,654	1.1
Total Federal Aid Participation	247,918	20.0	472,726	33.4	311,721	25.2	340,150	28.8
Local and State Participation:								
Cities' and Towns' Participation	11,264	0.9	13,378	0.9	13,694	1.1	11,082	0.9
Property Owners' Participation	5,583	0.4	4,345	0.3	5,114	0.4	3,586	0.3
State Aid	5,483	0.4	5,762	0.4	5,145	0.4	6,145	0.5
Total Local and State Participation	22,330	1.7	23,485	1.6	23,953	1.9	20,813	1.7
Total Revenue	1,232,848	99.3	1,409,839	99.5	1,232,282	99.3	1,172,346	99.2
Departmental Receipts	8,577	0.7	7,552	0.5	6,810	0.5	8,861	0.8
Transfer from Equipment Fund	-	-	-	-	1,601	0.2	-	-
Total Funds Available	$ 1,241,425	100.0	$ 1,417,391	100.0	$ 1,240,693	100.0	$ 1,181,207	100.0

Table 5

Ended June 30

1986		1985		1984		1983		1982		1981	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
$ 161,795	16.4	$ 158,297	15.4	$ 148,250	16.7	$ 115,849	13.8	$ 106,992	15.0	$ 104,911	16.6
387,251	39.3	371,649	36.3	364,004	41.0	346,576	41.4	339,394	47.7	250,077	39.5
98,861	10.0	101,916	10.0	120,861	13.6	82,884	9.9	75,608	10.7	47,452	7.5
647,907	65.7	631,862	61.7	633,115	71.3	545,309	65.1	521,994	73.4	402,440	63.6
308,255	31.2	357,525	34.9	230,877	26.0	264,392	31.6	163,111	22.9	203,070	32.1
12,538	1.3	13,035	1.3	6,086	0.7	12,473	1.5	13,535	1.9	14,089	2.2
320,793	32.5	370,560	36.2	236,963	26.7	276,865	33.1	176,646	24.8	217,159	34.3
3,844	0.4	3,612	0.4	6,374	0.7	2,890	0.3	827	0.1	1,787	0.3
2,290	0.2	2,293	0.2	2,091	0.2	1,305	0.2	1,738	0.2	1,704	0.3
5,100	0.5	4,840	0.5	4,840	0.6	4,621	0.6	4,490	0.7	4,873	0.8
11,234	1.1	10,745	1.1	13,305	1.5	8,816	1.1	7,055	1.0	8,364	1.4
979,934	99.3	1,013,167	99.0	883,383	99.5	830,990	99.3	705,695	99.2	627,963	99.3
6,643	0.7	6,303	0.6	4,579	0.5	5,749	0.7	5,524	0.8	4,666	0.7
-	-	4,600	0.4	-	-	-	-	-	-	-	-
$ 986,577	100.0	$ 1,024,070	100.0	$ 887,962	100.0	$ 836,739	100.0	$ 711,219	100.0	$ 632,629	100.0

EXPENDITURES BY FUNCTION (BUDGETARY BASIS)
HIGHWAY FUND

For the Fiscal Years 1981-1990
(Expressed in Thousands)

	Fiscal Years							
	1990		1989		1988		1987	
	Amount	%	Amount	%	Amount	%	Amount	%
Highway Patrol								
Transfers of Highway funds to Department of Crime Control and Public Safety for operation of N.C. Highway Patrol	$ 76,100	5.6	$ 76,870	6.1	$ 73,413	6.1	$ 66,580	6.5
Driver Training								
Transfers of Highway funds to Department of Public Instruction for operation of Driver Training Program [1]	-	-	-	-	-	-	23,533	2.3
Department of Transportation								
General Administration	26,703	2.0	21,482	1.7	18,643	1.5	16,287	1.6
Operations Administration	31,366	2.3	27,360	2.2	25,365	2.1	24,175	2.4
Division of Motor Vehicles	72,935	5.4	67,504	5.4	64,494	5.3	55,565	5.4
State Highway Maintenance	358,260	26.6	370,881	29.6	332,541	27.5	284,967	27.8
State Highway Construction	181,608	13.5	156,222	12.6	142,580	11.8	76,867	7.5
Capital Improvements	18,175	1.3	15,653	1.2	8,993	0.8	2,775	0.3
Federal Aid-Highway Construction	410,536	30.5	359,976	28.7	391,027	32.4	374,518	36.6
State Aid - Municipalities	67,673	5.0	66,660	5.3	63,716	5.3	54,703	5.3
Other	104,770	7.8	90,451	7.2	86,856	7.2	44,303	4.3
Total Expenditures	$ 1,348,126	100.0	$ 1,253,059	100.0	$ 1,207,628	100.0	$ 1,024,273	100.0

[1] - Driver education program was transferred to the Department of Public Instruction in 1988.

Table 6

Ended June 30

1986		1985		1984		1983		1982		1981	
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
$ 60,548	6.3	$ 57,555	6.1	$ 49,358	6.3	$ 47,782	6.8	$ 43,412	6.8	$ 41,655	6.0
22,536	2.3	18,363	1.9	14,753	1.9	-	-	-	-	-	-
16,332	1.7	17,633	1.9	14,820	1.9	12,813	1.8	12,456	2.0	12,310	1.8
24,084	2.5	22,652	2.4	20,426	2.6	16,775	2.4	19,673	3.1	22,084	3.2
53,537	5.5	48,629	5.1	39,564	5.1	31,392	4.5	30,532	4.8	35,105	5.1
278,125	28.6	303,273	32.1	283,659	36.4	262,234	37.2	225,428	35.4	172,470	24.9
76,479	7.9	79,674	8.4	58,759	7.5	54,426	7.7	40,830	6.4	52,842	7.6
4,866	0.5	5,159	0.5	3,756	0.5	1,758	0.2	1,383	0.2	3,370	0.5
352,752	36.3	318,767	33.7	221,543	28.4	199,334	28.2	192,654	30.2	261,987	37.9
47,168	4.9	45,443	4.8	43,244	5.6	43,102	6.1	31,351	4.9	32,573	4.7
34,378	3.5	29,058	3.1	29,626	3.8	35,789	5.1	39,575	6.2	57,302	8.3
$ 970,805	100.0	$ 946,206	100.0	$ 779,508	100.0	$ 705,405	100.0	$ 637,294	100.0	$ 691,698	100.0

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION (BUDGETARY BASIS) HIGHWAY TRUST FUND

For the Fiscal Year 1990 Table 7

(Expressed in Thousands)

	1990	
	Amount	%
Revenues		
Tax Revenues:		
Gasoline Tax	$ 184,886	45.3
Highway Use Tax	164,693	40.3
Total Tax Revenues	349,579	85.6
Non-Tax Revenues:		
Motor Vehicle Title Fees	43,695	10.7
Treasurer's Investment	7,426	1.8
Lien Recording	2,032	0.5
Miscellaneous Registration Fees	5,770	1.4
Other Non-Tax	117	0.0
Total Non-Tax Revenues	59,040	14.4
Total Revenues	$ 408,619	100.0
Expenditures		
Program Administration	$ 10,150	3.8
Intrastate Highway System	14,302	5.4
Secondary Highway System	23,078	8.6
Urban Highway System	6,679	2.5
Transfers:		
To General Fund	164,693	61.7
To Highway Fund	48,210	18.0
Total Expenditures	$ 267,112	100.0

The Highway Trust Fund was established July 1, 1989.

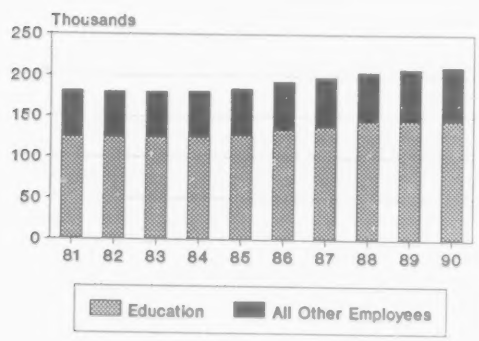
TOTAL NUMBER OF STATE GOVERNMENT PERMANENT POSITIONS FUNDED IN THE STATE BUDGET BY AGENCY

For the Fiscal Years 1981-1990 Table 8

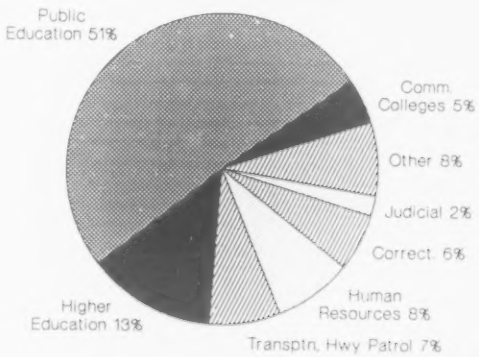
State Agency	Fiscal Years Ended June 30									
	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Education:										
Public Education [1]	107,077	105,244	103,223	98,333	94,973	90,123	88,366	88,241	88,978	89,886
Higher Education	28,225	30,479	30,986	29,435	28,560	27,565	26,968	26,354	25,884	25,638
Community Colleges	10,006	9,626	9,251	9,945	9,934	8,866	8,912	8,716	8,436	8,216
Total Education	145,308	145,349	143,460	137,713	133,467	126,554	124,246	123,311	123,300	123,740
Human Resources	17,155	16,823	18,028	17,951	17,765	17,768	17,665	17,913	18,166	18,585
Correction	12,425	11,209	10,044	8,777	8,191	7,861	7,750	7,510	6,778	6,804
Transportation and Highway Patrol	15,618	15,060	14,783	15,352	14,777	14,541	14,092	14,105	14,689	15,129
Judicial	4,550	4,271	4,093	4,004	3,852	3,670	3,522	3,508	3,502	3,438
Justice	959	978	962	930	889	825	822	819	829	828
Other	14,149	13,991	12,467	12,390	12,742	12,371	11,923	11,974	12,369	12,417
Total Positions	210,164	207,681	203,837	197,117	191,683	183,590	180,020	179,140	179,633	180,941

[1] - This figure represents elementary and secondary school teachers. Public Education receives funding by State appropriation.

State Government Permanent Positions For the Years 1981 to 1990



Distribution of Employees by Agency As of June 30, 1990



Source: North Carolina Office of State Budget and Management

COMPUTATION OF LEGAL DEBT LIMIT

June 30, 1990 Table 9
(Expressed in Thousands)

General Obligation Bonds Authorized		$ 1,793,745
Allowable Increase in General Obligation Bonds by General Assembly for Lawful Purposes:		
1991-93 Biennium	$ 48,283	
1989-91 Biennium	76,714	
Total Allowable Increase		124,997
Legal Debt Limit		1,918,742
Less Bonds Issued		(1,793,745)
Unused Allowable Debt		$ 124,997

The limitations on State Debt and Bond Issues are contained in the State Constitution, Article 5, Section 3. This section restricts the General Assembly from contracting debts secured by a pledge of the faith and credit of the State, unless approved by a majority of the qualified voters of the State except for:

1. To fund or refund a valid existing debt;
2. To supply an unforeseen deficiency in the revenue;
3. To borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50 percent of such taxes;
4. To suppress riots or insurrections, or to repel invasions;
5. To meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor;
6. For any other lawful purposes, to the extent of two-thirds of the amount by which the State's outstanding indebtedness shall have been reduced during the next preceding biennium.

Below is a calculation of the allowable increase in General Obligation Bonds by the General Assembly for lawful purposes without voter approval:

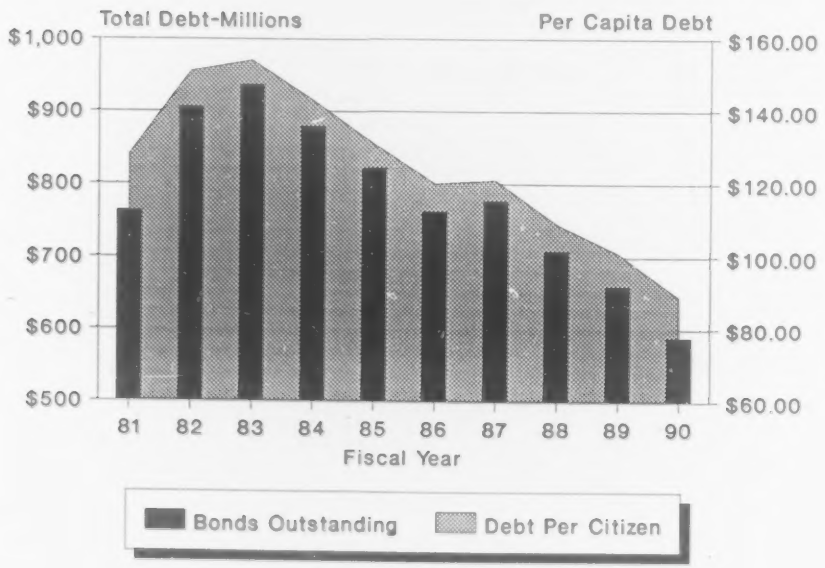
	General Obligation Bonds						Allowable Increase	
Preceding Biennium	Beginning Balance	Issues	Refunded	Repayment	Ending Balance	Decrease (Increase)	(2/3 of Debt Decrease) Amount	Biennium
1989-91	660,429	-	-	(72,425)	588,004	72,425	48,283	1991-93
1987-89	775,500	20,499	-	(135,570)	660,429	115,071	76,714	1989-91
1985-87	821,000	506,000	(460,000)	(91,500)	775,500	45,500	30,333	1987-89
1983-85	937,400	-	-	(116,400)	821,000	116,400	77,600	1985-87
1981-83	763,200	280,000	-	(105,800)	937,400	(174,200)	N/A	1983-85
1979-81	674,300	187,250	-	(98,350)	763,200	(88,900)	N/A	1981-83

GENERAL OBLIGATION BONDS DEBT RATIOS

For the Fiscal Years 1981-1990 Table 10

Fiscal Year Ended June 30	Debt Per Capita			Annual Debt Service To General Expenditures		
	N.C. Population	General Obligation Bonds Outstanding	Amount	Debt Service (Principal and Interest)	Total General Expenditures	Ratio
1990	6,629,389	$588,004,000	$88.70	$ 110,396,000	$ 12,455,862,000	0.89%
1989	6,568,983	$660,429,000	$100.54	$ 110,980,000	$ 11,213,453,000	0.99%
1988	6,48[illegible]	$708,160,000	$109.16	$ 112,067,000	$ 10,016,501,000	1.12%
1987	6,408,794	$775,500,000	$121.01	$ 78,567,000	$ 9,156,272,000	0.86%
1986	6,326,052	$762,000,000	$120.45	$ 111,927,000	$ 8,539,936,000	1.31%
1985	6,256,793	$821,000,000	$131.22	$ 114,479,000	$ 7,741,168,000	1.48%
1984	6,165,927	$879,200,000	$142.59	$ 118,072,000	$ 6,745,366,000	1.75%
1983	6,077,319	$937,400,000	$154.25	$ 113,916,000	$ 6,179,508,000	1.84%
1982	6,017,014	$905,700,000	$150.52	$ 91,908,000	$ 5,897,329,000	1.56%
1981	5,955,415	$763,200,000	$128.15	$ 104,332,000	$ 5,804,360,000	1.80%

Long-Term Debt Per Capita



Source: Population - U.S. Department of Commerce, Bureau of the Census
N.C. Office of State Budget and Management

REVENUE BOND COVERAGE

For the Fiscal Years 1983-1990 Table 11

(Expressed in Thousands)

Fiscal Year Ended June 30	Gross Revenues [1]	Direct Operating Expenses [1]	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage [2]
General Long-Term Obligations Account Group							
1990	$ 755	$ -	$ 755	$ 650	$ 261	$ 911	.83
1989	379	-	379	550	311	861	.44
1988	1,842	301	1,541	683	430	1,113	1.38
1987	1,695	243	1,452	572	477	1,049	1.38
1986	1,614	263	1,351	562	528	1,090	1.24
1985	1,689	233	1,456	502	591	1,093	1.33
1984	1,927	167	1,760	350	613	963	1.83
1983	969	-	969	-	254	254	3.81
Enterprise Funds [3]							
1990	102,927	11,350	91,577	19,066	70,510	89,576	1.02
1989	109,473	10,395	99,078	17,938	79,809	97,747	1.01
1988	93,410	7,132	86,278	16,702	61,915	78,617	1.10
1987	96,940	6,680	90,260	14,560	68,936	83,496	1.08
1986	98,167	5,909	92,258	11,682	65,546	77,228	1.19
1985	70,169	4,393	65,776	6,910	51,023	57,933	1.14
1984	51,669	4,110	47,559	3,772	31,537	35,309	1.35
1983	28,691	2,973	25,718	2,899	19,952	22,851	1.13
Internal Service Funds							
1990	-	-	-	-	-	-	-
1989 [4]	-	-	-	-	-	-	-
1988	842	408	434	60	99	159	2.73
1987	803	365	438	55	103	158	2.77
1986	722	281	441	55	106	161	2.74
1985	704	256	448	55	109	164	2.73
1984	636	223	413	50	112	162	2.55
1983	647	232	415	45	114	159	2.61
University Funds							
1990	226,657	183,669	42,988	6,076	18,972	25,048	1.72
1989	155,692	117,700	37,992	5,115	15,968	21,083	1.80
1988	143,636	104,908	38,728	5,211	15,614	20,825	1.86
1987	145,228	96,412	48,816	14,133	17,398	31,531	1.55
1986	112,125	69,416	42,709	10,883	11,054	21,937	1.95
1985	105,526	64,705	40,821	10,880	12,329	23,209	1.76
1984	99,670	58,559	41,111	10,385	12,347	22,732	1.81
1983	90,421	56,062	34,359	10,248	14,083	24,331	1.41

[1] - Represents actual fund receipts and disbursements securing the applicable bonds.

[2] - Ideally, the coverage number would be 1.00 or higher, indicating that Net Revenues Available exceeds Debt Service Requirements.

[3] - Actual amounts paid differ from scheduled debt service requirements presented above.

[4] - These bonds were paid in full in 1989.

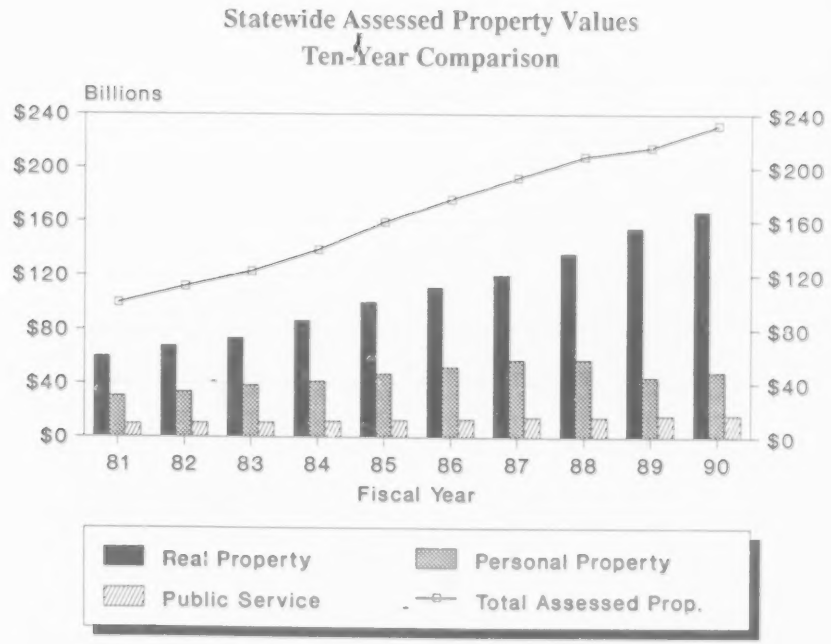
ASSESSED VALUE OF REAL PROPERTY, TANGIBLE PERSONAL PROPERTY, AND PUBLIC SERVICE COMPANIES

For the Years 1981-1990 Table 12

(Expressed in Whole Dollars)

For the Years	Assessed Value at January 1			
	Real Property	Personal Property	Public Service Companies	Total
1990	$ 166,750,735,800	$ 48,368,087,887	$ 16,472,361,742	$ 231,591,185,429
1989	154,815,470,266	44,173,378,142	15,923,293,458	214,912,141,866
1988	135,671,300,372	57,705,370,847	15,004,816,111	208,381,487,330
1987	119,820,416,998	57,413,010,754	14,692,714,720	191,926,142,472
1986	110,680,982,831	52,110,604,176	13,104,758,032	175,896,345,039
1985	99,850,538,664	46,693,841,533	12,365,634,320	158,910,014,517
1984	85,072,825,736	41,000,251,830	11,440,623,819	138,413,701,385
1983	73,206,272,661	38,217,923,513	10,733,729,219	122,257,925,393
1982	67,449,128,525	33,553,596,924	10,406,803,732	111,409,529,181
1981	59,678,753,905	30,096,636,217	9,709,847,057	99,485,237,179

The State does not levy an ad valorem tax on real property and tangible personal property. The only State-levied property tax is on intangible personal property. After January 1, 1988, inventories were exempt from property taxes.
Counties are required by statute to assess property at 100% of appraised value.



Source: Compiled by the Department of Revenue from reports submitted by counties and municipalities.

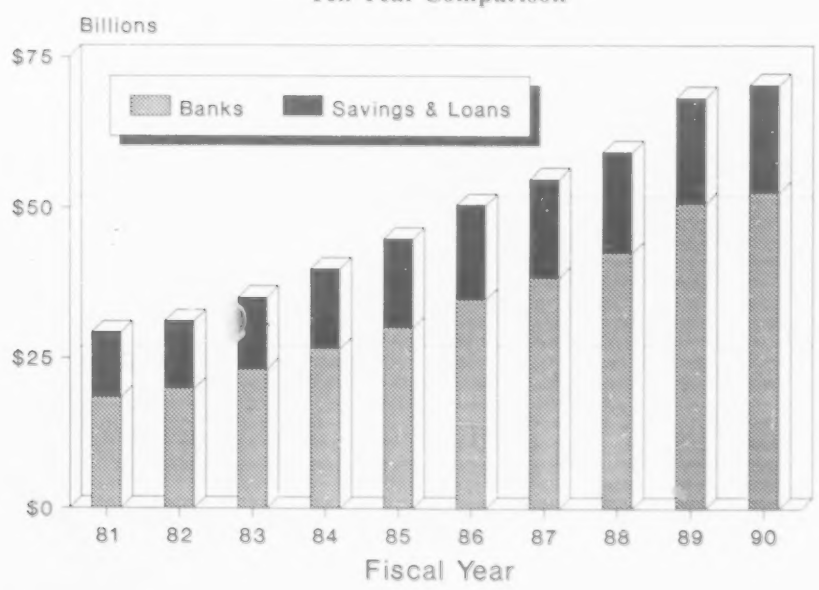
SCHEDULE OF BANK AND SAVINGS AND LOAN DEPOSITS OF INSTITUTIONS LOCATED IN NORTH CAROLINA

For the Years 1981-1990 Table 13

(Expressed in Thousands)

Banks				Savings and Loans			
As of June 30	Chartered State	Chartered National	Total Deposits	As of Dec. 31	Chartered State	Chartered Federal	Total Deposits
1990	$ 16,496,940	$ 36,025,376	$ 52,522,316	1989	$ 5,884,060	$ 12,042,337	$ 17,926,397
1989	13,741,263	36,977,970	50,719,233	1988	5,720,556	11,793,232	17,513,788
1988	12,177,522	30,330,695	42,508,217	1987	5,649,780	11,020,472	16,670,252
1987	10,884,948	27,445,346	38,330,294	1986	5,882,096	10,566,483	16,448,579
1986	9,513,909	25,259,970	34,773,879	1985	5,694,939	10,010,104	15,705,043
1985	10,247,786	19,781,193	30,028,979	1984	5,601,745	9,231,293	14,833,038
1984	9,282,068	17,181,045	26,463,113	1983	5,008,477	8,330,292	13,338,769
1983	8,769,560	14,291,821	23,061,381	1982	4,556,810	7,482,772	12,039,582
1982	7,436,015	12,321,599	19,757,614	1981	4,645,468	6,640,450	11,285,918
1981	6,759,519	11,661,310	18,420,829	1980	5,466,766	5,370,010	10,836,776

Bank and Savings and Loan Deposits
Ten-Year Comparison



Source: North Carolina Department of Economic and Community Development

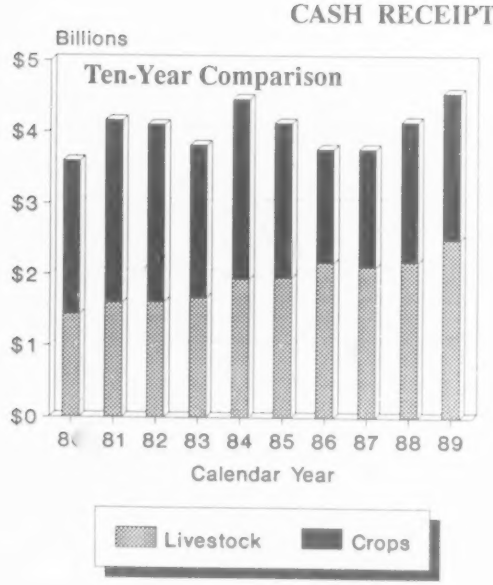
CASH RECEIPTS FROM FARMING BY COMMODITIES

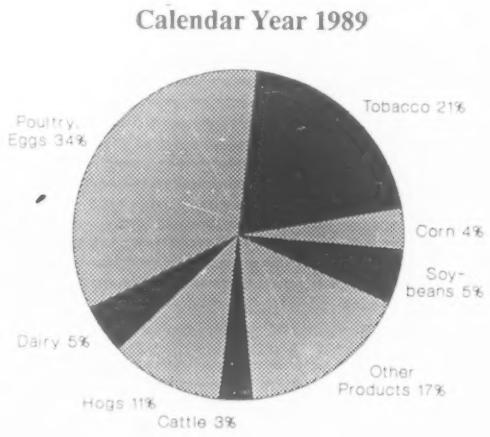
For the Calendar Years 1980-1989 Table 14

(Expressed in Millions)

	Livestock and Related Products						Crops					Total
Year	Poultry and Eggs	Dairy Products	Hogs	Cattle	Other Livestock and Products	Total Livestock and Products	Tobacco	Soybeans	Corn	Other Crops	Total Crops	All Livestock and Crops
1989	$ 1,567.9	$ 224.1	$ 508.8	$ 148.4	$ 55.3	$ 2,504.5	$ 946.1	$ 242.7	$ 189.2	$ 668.1	$ 2,046.1	**$ 4,550.6**
1988	1,316.5	219.7	447.9	152.9	50.6	2,187.6	859.0	235.4	169.5	697.8	1,961.7	**4,149.3**
1987	1,152.0	222.6	497.9	190.7	52.0	2,115.2	730.1	197.0	116.9	609.3	1,653.3	**3,768.5**
1986	1,289.9	230.7	437.9	168.9	43.7	2,171.1	698.8	174.1	180.4	540.5	1,593.8	**3,764.9**
1985	1,125.5	246.9	387.5	154.4	43.4	1,957.7	936.2	212.2	272.9	736.0	2,157.3	**4,115.0**
1984	1,172.7	238.8	380.9	104.5	41.5	1,938.4	1,054.2	274.8	320.4	866.1	2,515.5	**4,453.9**
1983	907.9	245.1	378.1	106.7	41.3	1,679.1	1,019.8	257.8	187.3	666.9	2,131.8	**3,810.9**
1982	829.9	240.5	369.4	141.4	39.4	1,620.6	1,233.4	299.6	256.3	692.8	2,482.1	**4,102.7**
1981	863.3	239.6	357.6	125.7	18.0	1,604.2	1,296.0	274.9	253.3	731.5	2,555.7	**4,159.9**
1980	783.8	220.7	316.8	112.7	9.9	1,443.9	1,112.9	242.1	244.4	549.3	2,148.7	**3,592.6**

CASH RECEIPTS FROM FARMING





Source: North Carolina Crop and Livestock Reporting Service (data for 1990 is not available.)

MAJOR PRIVATE EMPLOYERS

June 30, 1990 Table 15

The State's largest major private employers (ranked by number of employees) as of June 30, 1990 are:

1990 Rank	Employer	Type of Business	Range of Number Employed
1	Sara Lee Corporation	Food products and textiles	22,000 - 22,999
2	Food Lion, Inc.	Grocery	20,000 - 20,999
3	Duke University	Higher education, medical center	19,000 - 19,999
4	International Business Machines Corporation	Computers	16,000 - 16,999
5	Burlington Industries, Inc.	Textiles	15,000 - 15,999
6	Fieldcrest Cannon, Inc.	Textiles	13,000 - 13,999
7	Duke Power Company	Utility	12,000 - 12,999
8	RJR Nabisco, Inc.	Tobacco and food products	12,000 - 12,999
9	USAir	Aviation	11,000 - 11,999
10	Harris Teeter, Inc.	Grocery	10,000 - 10,999
11	Rose's Stores, Inc.	Department stores	10,000 - 10,999
12	Wal-Mart Stores, Inc.	Department stores	10,000 - 10,999
13	First Wachovia Corporation	Financial services	9,000 - 9,999
14	First Union Corporation	Financial services	8,000 - 8,999
15	K-Mart Corporation	Department stores	8,000 - 8,999
16	Northern Telecom, Inc.	Communications	7,000 - 7,999
17	Southern Bell Telephone & Telegraph Company, Inc.	Communications	7,000 - 7,999
18	Carolina Power & Light Company	Utility	7,000 - 7,999
19	Collins & Aikman Corporation	Textiles	7,000 - 7,999
20	Winn-Dixie Charlotte, Inc.	Grocery	7,000 - 7,999
21	A T & T Technologies, Inc.	Communications	7,000 - 7,999
22	Cone Mills Corporation	Textiles	6,000 - 6,999
23	E.I. du Pont de Nemours & Company	Chemicals	6,000 - 6,999
24	Broyhill Furniture Industries	Furniture manufacturing	6,000 - 6,999
25	Hardee's Food Systems, Inc.	Food services	5,000 - 5,999

Source: Employment data compiled by the Office of the State Controller survey of the listed corporations.

TEN LARGEST NON-AGRICULTURAL INDUSTRIES BY NUMBER OF EMPLOYEES

For the Years 1980-1989
(Expressed in Thousands)

Table 16

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Manufacturing:										
Nondurable Goods	519.8	513.3	509.7	494.3	487.0	501.0	493.8	488.9	510.0	515.9
Durable Goods	350.4	353.6	346.3	338.5	341.6	334.6	302.3	293.3	310.7	304.1
Retail Trade	557.4	519.0	491.1	467.7	440.8	417.2	386.2	360.2	354.1	349.1
Services	526.0	522.3	488.8	456.3	428.7	399.3	370.4	357.9	353.0	341.3
Government	475.6	453.5	442.3	430.9	420.5	413.7	407.1	400.3	403.7	409.9
Contract Construction	163.6	164.7	159.9	155.2	149.2	132.6	112.4	106.8	115.6	118.7
Wholesale Trade	168.0	159.3	152.4	144.9	138.8	131.8	121.8	122.5	124.7	123.8
Transportation, Communications and Public Utilities	149.2	146.9	141.0	133.7	130.5	126.6	120.5	114.7	116.8	116.5
Finance, Insurance and Real Estate	130.1	130.3	126.2	117.9	109.4	103.8	100.4	97.8	98.1	95.5
Mining	4.8	4.8	4.9	4.8	4.8	4.6	4.3	4.6	4.9	5.2
Total Non-Agricultural Employment	3,044.9	2,967.7	2,862.6	2,744.2	2,651.3	2,565.2	2,419.2	2,347.0	2,391.6	2,380.0
Manufacturing	870.2	866.9	856.0	832.8	828.6	835.6	796.1	782.2	820.7	820.0
Non-Manufacturing	2,174.7	2,100.8	2,006.6	1,911.4	1,822.7	1,729.6	1,623.1	1,564.8	1,570.9	1,560.0

Source: North Carolina Employment Security Commission (data for 1990 is not available.)

SCHEDULE OF DEMOGRAPHIC DATA

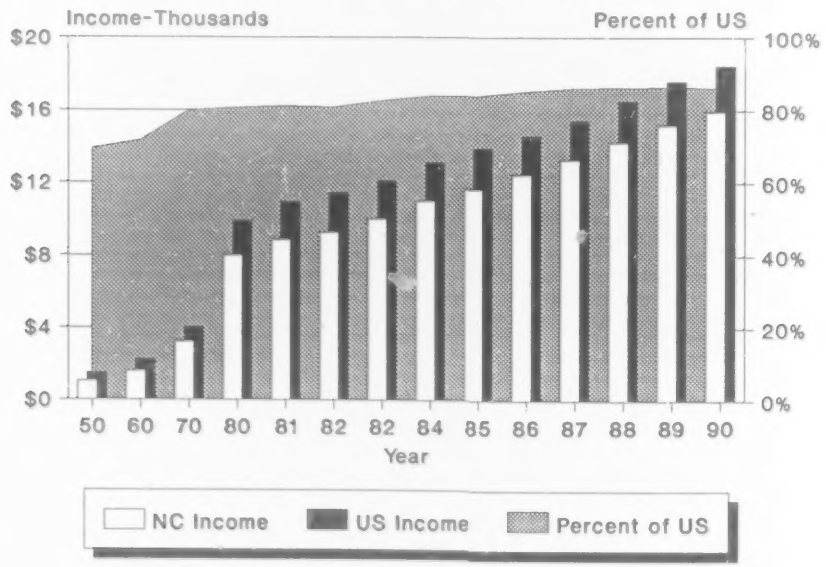
For the Years 1950, 1960, 1970, 1980, 1981-1990

(Expressed in Whole Numbers)

	Population						Per Capita Income		
			Increase From Prior Period			Increase From Prior Period			N.C. As A Percentage of U.S.
Year	United States			North Carolina			United States	North Carolina	
1990	250,885,000	[B]	1.07%	6,629,389	[C]	0.92%	$ 18,450	$ 15,930	86.34%
1989	248,239,000	[B]	1.00%	6,568,983	[D]	1.25%	17,596	15,198	86.37%
1988	245,785,000	[B]	0.97%	6,487,598	[D]	1.23%	16,513	14,243	86.25%
1987	243,427,000	[B]	0.96%	6,408,794	[D]	1.31%	15,423	13,284	86.13%
1986	241,107,000	[B]	0.99%	6,326,052	[D]	1.11%	14,597	12,451	85.30%
1985	238,736,000	[B]	0.96%	6,256,793	[D]	1.47%	13,896	11,662	83.92%
1984	236,477,000	[B]	0.94%	6,165,927	[D]	1.46%	13,114	11,001	83.89%
1983	234,284,000	[B]	0.99%	6,077,319	[D]	1.00%	12,098	9,989	82.57%
1982	231,996,000	[B]	1.03%	6,017,014	[D]	1.03%	11,480	9,282	80.85%
1981	229,637,000	[B]	1.36%	5,955,415	[D]	1.28%	10,949	8,879	81.09%
1980	226,546,000	[A]	11.13%	5,880,095	[A]	15.65%	9,919	7,999	80.64%
1970	203,849,000	[A]	13.26%	5,084,411	[A]	11.59%	4,051	3,236	79.88%
1960	179,979,000	[A]	18.51%	4,556,155	[A]	12.17%	2,254	1,615	71.65%
1950	151,868,000	[A]		4,061,929	[A]		1,496	1,037	69.32%

[A] - U.S. Census count - April 1 (1950 - 1980)
[B] - U.S. Census estimates - July 1 (1981 - 1990)
[C] - N.C. OSBM projection - July 1, 1990
[D] - N.C. OSBM estimate\U.S. Census estimate - July 1 (1981-1989)

Per Capita Income
North Carolina vs. United States
1950 to 1990



Sources:
[1] Population — U.S. Department of Commerce, Bureau of the Census; N.C. Office of State Budget and Management
[2] Per Capita Income — U.S. Department of Commerce, Bureau of Economic Analysis; N.C. Office of State Budget and Management
[3] Labor Force Data - As of June 30, 1990 — N.C. Employment Security Commission

Table 17

North Carolina Civilian Labor Force Data [3]				North Carolina - Other Data		
Total	Employed	Unemployed	Unemployed Percentage Rate	[4] Public School Enrollment	[5] Motor Vehicles Registered	[6] Residential Construction Authorized
3,471,000	3,339,000	132,000	3.80%	1,065,399	5,600,050	17,556
3,439,000	3,311,000	128,000	3.72%	1,068,800	5,549,129	33,032
3,361,000	3,244,000	117,000	3.48%	1,072,934	5,437,290	35,739
3,239,633	3,078,608	161,025	4.97%	1,073,524	6,060,939	29,629
3,175,000	3,017,000	158,000	4.98%	1,075,289	5,853,085	34,762
3,106,000	2,939,000	167,000	5.38%	1,123,425	5,845,623	35,045
3,031,000	2,826,000	205,000	6.76%	1,127,874	5,383,012	29,071
2,935,000	2,674,000	261,000	8.89%	1,135,157	5,160,488	23,701
2,940,000	2,675,000	265,000	9.01%	1,148,868	4,948,763	12,981
2,917,000	2,730,000	187,000	6.41%	1,170,894	4,655,675	10,760
2,759,197	2,607,925	151,272	5.48%	1,191,342	5,094,814	6,730
2,054,838	1,984,402	70,436	3.43%	1,217,024	3,218,292	(Data
1,680,442	1,605,478	74,964	4.46%	1,105,412	1,907,988	not
1,512,924	1,463,352	49,572	3.28%	893,745	1,171,228	available)

Civilian Labor Force Trends With Unemployment Percentages 1950 to 1990

Sources:
[4] Public School Enrollment - Final Average Daily Membership for the School Year September 1 to June 30 — N.C. Department of Public Instruction
[5] Motor Vehicle Registrations - For the Fiscal Year Ending June 30 — N.C. Division of Motor Vehicles
[6] Residential Housing Permits - Current Year for the Six Months Ended June 30, 1990; Prior Years for the Calendar Years Ended December 31 (data compiled for 45 cities and 72 counties in North Carolina) — N.C. Department of Labor

SCHEDULE OF MISCELLANEOUS STATISTICS

As of June 30, 1990 Table 18

Adoption of State Constitution	1776, 1868, 1971
Form of government	Executive, Legislative, Judicial
Land area (square miles)	50,000 (31,999,760 acres)
Miles of highway	76,808
State police protection:	
Number of stations	57
Number of state police	1,245
Higher Education:	
Community colleges	
Number of campuses	58
Number of students (average annual Full Time Equivalent [FTE])	126,534
Number of curriculum instructors (budgeted)	5,107
State universities	
Number of campuses	16
Number of regular term students (FTE)	120,354
Number of regular term teaching positions (FTE)	8,536
Recreation:	
Number of State parks	33
Area of State parks (acres)	128,797
Area of State forests (acres)	257,911

Source:	Land Area	Department of Environment, Health and Natural Resources
	Miles of Highways	Department of Transportation
	State Police Protection	Department of Crime Control and Public Safety
	Higher Education - Community Colleges	Department of Community Colleges and Office of State Budget and Management
	Higher Education - State Universities	Office of State Budget and Management
	Recreation	Department of Environment, Health and Natural Resources Department of Agriculture Department of Correction

This report was prepared by the Office of the State Controller, State Accounting System Division.

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Special appreciation is given to the chief fiscal officers and the dedicated accounting personnel throughout the state. Their efforts to contribute accurate and timely financial data for their agencies and institutions made this report possible.

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